



30 January 2017

Dear Shareholder

### **Invitation to Participate in Share Purchase Plan**

On 25 January 2017, Victory Mines Limited (ACN 151 900 855) (**VIC** or **the Company**) announced that it would be undertaking a share purchase plan to raise a minimum of \$500,000 and up to \$1,104,520 before costs.

This SPP is in addition to the recently completed placement of 214,697,836 fully paid ordinary shares in VIC (**Shares**) to high net worth and institutional investors, raising approximately \$2.5 million (**Placement**).

VIC is now pleased to provide details of its Share Purchase Plan (**Plan or SPP**). Under the Plan, VIC is giving Eligible Shareholders the opportunity to purchase up to \$15,000 worth of fully paid ordinary shares in VIC (**Shares**) at an issue price of \$0.01155 per Share, being the same price as the Placement (and a discount of 14% to the volume weighted average market price for the shares over the last 5 days on which sales in the shares were recorded before the day on which the issue was announced) irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

The offer under the Plan (**Offer**) will raise a minimum of \$500,000 and up to \$1,104,520 on the terms and conditions (**Terms and Conditions**) contained in this letter. In conjunction with the Placement, this will provide the Company with additional funds of up to \$3,604,520.

### **Shareholders Eligible to Participate in the Plan**

The right to participate under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 4:00pm (Western Standard Time) on the Record Date of 24 January 2017 and whose registered address is in Australia (**Eligible Shareholders**).

### **Share Purchase Plan**

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares priced at a discount of 14% to the volume weighted average market price (**VWAP**) for the Shares over the last 5 days on which sales in the Shares were recorded before the day on which the issue was announced (**Price**). This price is the same price as Shares were offered to sophisticated and professional investors under the Placement.

The VWAP of Shares traded on the ASX during the 5 trading days immediately prior to the announcement date of the Offer was \$0.01340.

The number of Shares to be issued under the Plan is limited by the Australian Securities Exchange (**ASX**) Listing Rules to a maximum of 95,629,355 Shares, being 30% of VIC's share capital. VIC may, in its absolute discretion, undertake a scaleback so that not more than 30% of that number of Shares already on issue, are issued under the Plan. Scaleback decisions are made by the Board and are final. Additionally, if the minimum subscription amount is not reached, the SPP will not go ahead and all funds will be returned.

**Victory Mines Limited** ABN 39 151 900 855

Registered Office: Level 11, London House, 216 St Georges Terrace, Perth WA 6000

Telephone +61 8 9481 0389 | [www.victorymines.com](http://www.victorymines.com)



An outline of the Plan is set out in this letter and the enclosed Terms and Conditions. An application form for the Plan (**Application Form**) and reply paid envelope are included in this package.

### **Entitlement to Participate in Option Issue**

As set out in its announcement on 16 January 2017, the Company intends to seek the approval of Shareholders for the issue of Options to participants in the Placement, exercisable at \$0.02 each on or before 28 December 2020.

As announced on 25 January 2017, the Company also intends to seek approval to enable Eligible Shareholders who participate in the SPP to also receive Options on the same terms as those Options being issued under the Placement.

The issue of these Options will occur after the closing of the SPP and only after Shareholder approval is received for the issue of those Options. These Options will be issued via a prospectus and each Shareholder will receive 1 Option for every four Shares subscribed for under the SPP.

### **Current Activities**

Details of VIC's current activities are set out in the announcements made by VIC to the ASX and are available from the ASX, or VIC's website at [www.victorymines.com](http://www.victorymines.com).

The funds raised under the Plan (as with the Placement) will be allocated towards the Company's continued exploration and development of its Bolivian mining projects, review and exploration of new projects and general working capital.

### **How much can you invest?**

Eligible Shareholders may each apply for a maximum of \$15,000 worth of Shares under the Plan.

### **Subscription and Application Procedure**

If you would like to participate in the Offer, you can either:

- complete the enclosed Application Form and send it together with your payment by cheque made payable to "Victory Mines Limited" and drawn in Australian currency for the correct amount, to VIC's share registry at:

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012

to be received by the share registry no later than 4:00pm (Western Standard Time) on the **Closing Date of 10 February 2017**. No late applications will be accepted; or

- make a BPAY<sup>®1</sup> payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding.

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<sup>1</sup> ® Registered to BPAY Pty Ltd, ABN 69 079 137 518



If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your Shares under the Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any Shares that you may wish to apply for in respect of that holding.

If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded. **If you make your payment using BPAY® you do not need to return your Application Form.** Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

Applicants should not forward cash and direct bank transfers are not permitted.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable	Number of Shares which may be purchased
Offer A	\$15,000	1,298,701
Offer B	\$10,000	865,800
Offer C	\$5,000	432,900
Offer D	\$2,500	216,450
Offer E	\$1,000	86,580

The purchase price was determined on the date on which the issue was announced. The number of Shares to which you are entitled will be calculated by dividing the subscription amount you have elected by the purchase price per Share, rounded down to the nearest whole number.

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 10 February 2017**. If the exact amount of money is not tendered with your application, VIC reserves the right to either:

- (a) return your Application Form and/or payment and not allot any Shares to you; or
- (b) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the Shares the subject of the application and any



other shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$15,000.

The Board reserves its discretion to allocate Shares under the SPP in its absolute discretion, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules.

### **Custodians and Nominees**

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of \$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia, subject to providing a Custodian Certificate to VIC, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

### **Acceptance of Risk Factors**

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.013. The market price of Shares in VIC may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer and this will have a corresponding impact on the value of Shares.

By making an application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase Price is at a discount, Shares are a speculative investment and the price of Shares on ASX may change between the date of VIC announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in VIC prior to making an application under this Offer.

### **Additional Information and Important Dates**

The offer of Shares under the Plan is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (2001) (Cth).

The Offer cannot be transferred and the Directors of VIC reserve the right in their absolute discretion to issue, reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$1,104,520 and the minimum subscription is \$500,000; if the minimum subscription amount is not reached, the SPP will not go ahead and all funds will be returned. VIC, however, reserves absolute discretion regarding the final amount raised under the Plan, subject to the ASX Listing Rules.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis. Scale-back for Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.



If VIC rejects or scales-back an application or purported application, VIC will promptly return to the shareholder the relevant application monies, without interest.

#### **Foreign offer restrictions**

This document may not be released or distributed in any country other than Australia. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country.

#### **Shortfall Placement**

In the event that less than \$1,104,520 is applied for, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements.

#### **Indicative Timetable**

Record Date for Share Purchase Plan	24 January 2017
Announce Share Purchase Plan	25 January 2017
Dispatch Share Purchase Plan Offer documents to shareholders and release Offer documents on the ASX	30 January 2017
Share Purchase Plan Opens	30 January 2017
Closing date for Share Purchase Plan	10 February 2017
Lodge Appendix 3B, Issue of new shares under the Share Purchase Plan	15 February 2017
Quotation on ASX of new shares under the Share Purchase Plan	16 February 2017

These dates are indicative only. VIC may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact VIC's Company Secretary, Elizabeth Hunt on +61 8 9481 0389 or email [info@victorymines.com](mailto:info@victorymines.com).

Yours faithfully

**James Ellingford**  
**Chairman**  
**VICTORY MINES LIMITED**



## **VICTORY MINES LIMITED**

**ACN 151 900 855**

### **Shareholder Share Purchase Plan - Terms and Conditions**

#### **Purpose**

The purpose of the Shareholder Share Purchase Plan (**the Plan**), is to offer existing shareholders of Victory Mines Limited **VIC** or **the Company**) the opportunity to acquire additional fully paid ordinary shares in VIC (**VIC Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan). The issue price under the Plan will be at a discount of 14% to the average market price for VIC Shares over the last 5 days on which sales in the shares were recorded on the financial market operated by ASX Limited (**ASX**) before the day on which the issue was announced. VIC Shares will also be issued without the need to pay brokerage costs and without the need for VIC to issue a Prospectus. The Plan is governed upon such terms and conditions as the board of directors of VIC, in its absolute discretion, sees fit.

#### **Shareholders Eligible to Participate**

Holders of VIC's Shares that are registered with an Australian address at the relevant record date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds shares on behalf of another person who resides outside Australia. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any VIC Shares offered under the Plan). Eligible Shareholders who wish to take up VIC Shares issued under the Plan agree to be bound by VIC's constitution in respect of VIC Shares issued under the Plan.

An offer may, at the discretion of the directors of VIC (**Directors**), be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Company Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

#### **Custodians, trustees and nominees**

If you are an Eligible Shareholder and hold VIC Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to VIC in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Application Form a certificate to VIC (**Custodian Certificate**) with the following information:

- that you held VIC Shares on behalf of one or more other persons who are resident in Australia (each a **Participating Beneficiary**) on 24 January 2017 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;

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- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other VIC Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
  - is exempt under:
    - (i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (the **Regulations**); or
    - (ia) paragraph 7.6.01(1)(na) of the Regulations; or
    - (ii) ASIC Class Order CO 14/1000 or ASIC Class Order CO 14/1001; or
    - (iia) ASIC Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 03/1102, CO 04/829 or CO 04/1313; or
    - (iib) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (xx); or
    - (iii) paragraph 911A(2)(h) of the Act;
- from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or
- is a trustee of a self managed superannuation fund;
  - is a trustee of superannuation master trusts;
  - is a responsible entity of IDPS like schemes; or
  - is noted on VIC's register of members as holding the shares on account of another person.

If you hold VIC Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.



Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Advanced Registry Services at any time from 8.30am to 5.00pm (Western Standard time) Monday to Friday during the Offer period.

VIC reserves the right to reject any application for VIC Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. VIC reserves the right to reject applications in accordance with these Terms and Conditions.

### **Price of VIC Shares**

The price of VIC Shares to be issued under the Plan will be at a discount of 14% of the average market price for the shares over the last 5 days on which sales in the shares were recorded before the day on which the issue was announced.

### **Applications and Notices**

At the discretion of the Directors, VIC will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for VIC Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Applications will not be accepted after the closing date of the offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by VIC to participants may be given in any manner prescribed by its Constitution.

### **Placement of Shortfall**

Any shortfall from the Offer may be placed at the discretion of the Directors.

### **Issue of VIC Shares**

VIC Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of VIC in the relevant offer.

VIC Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in VIC from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all VIC Shares issued under the Plan. VIC will, promptly after the issue of VIC Shares under the Plan, make application for those VIC Shares to be listed for quotation on the official list of ASX.

### **Modification and Termination of the Plan**

VIC may modify or terminate the Plan at any time. VIC will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.





Without limiting the above, VIC may issue to any person fewer Company Shares than the person applied for under the Plan if the issue of VIC Shares applied for would contravene any applicable law or the Listing Rules of ASX.

### **Raising Amount and Scale back**

VIC seeks to raise approximately a minimum of \$500,000 and up to \$1,104,520 via an issue of a maximum of 95,629,355 Shares. If the minimum subscription amount is not reached, the SPP will not go ahead and all funds will be returned. However VIC reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the closing date the Directors may, in their absolute discretion, scale-back all applications on an equitable basis. If VIC rejects or scales-back an application or purported application, VIC will promptly return to the shareholder the relevant application monies, without interest.

### **Dispute Resolution**

VIC may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or VIC Shares. The decision of VIC in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

VIC reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of VIC under these conditions may be exercised by the directors of VIC or any delegate of the directors of VIC.

### **Questions and Contact Details**

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Elizabeth Hunt, Company Secretary on +61 8 9481 0389.