



Excellent cobalt/scandium mineralisation potential at Husky and Malamute tenements in NSW

Highlights

- The Board has appointed a geology consultancy to expedite reviewing the four highly-prospective primarily cobalt and scandium project areas (owned by Cobalt Prospecting) as part of its expanded acquisition due diligence.
- Initial work by the geology team, which comprises expanded desktop analysis, confirms the prospective mineralisation is first rate for the Husky and Malamute tenements in NSW (the WA project areas will be covered in due course).
- Notably, the geology team was able to draw these conclusions by carefully reviewing magnetic imagery for peers – Clean Teq (ASSX: CLQ), Platina Resources (ASX: PGM) and Australian Mines (ASX: AUZ) – tenements then comparing them with Husky and Malamute.
- For the Husky tenement, which is contiguous to AUZ and PGM tenures, the magnetic imagery comparison – in combination with mapping outcropping of weathered Alaskan style intrusive geological features – provides a strong indication that lateritic mineralisation is present.
For the Malamute tenement, the comparative magnetic imagery indicates the possible area of lateritic mineralisation could equal or exceed the area of laterites that are derived from the weathering of Alaskan type intrusions in nearby peers' tenures.
- The next phase for the geology team is getting a team to site to ramp up the field work and follow up analysis.
- From a strategic perspective, the Board has determined if the acquisition of Cobalt Prospecting proceeds, VIC's key focus will re-orient completely toward proving up JORC compliant cobalt and scandium resources.

Victory Mines Limited (ASX: VIC) ("Victory" or "the Company") is delighted to announce expanded desk top acquisition due diligence, by its newly appointed geology team, has confirmed excellent potential for discovering cobalt and scandium mineralisation at the Husky and Malamute tenements (owned by Cobalt Prospecting).

Dr James Ellingford, Chairman commented: *"The Board is delighted with the comparative magnetic imagery results as they clearly confirm excellent potential cobalt and scandium mineralisation within the Husky and Malamute project areas in NSW. While further work needs to be done to complete the due diligence process, the Board has decided if the Cobalt Prospecting acquisition completes, VIC's strategic orientation will be on proving up cobalt and scandium JORC compliant resources across the four new assets."*

EXPANDED DUE DILIGENCE

One of the key attractions that acquiring Cobalt Prospecting brings to the table is the two NSW tenements, Husky and Malamute, given their proximity to high profile cobalt/scandium groups – CLQ, PGM and AUZ (Figure 1). This proximity is the main reason why the recently appointed geology consultancy is focusing its efforts on further understanding the geology, starting with a more thorough review of comparative magnetic imagery.

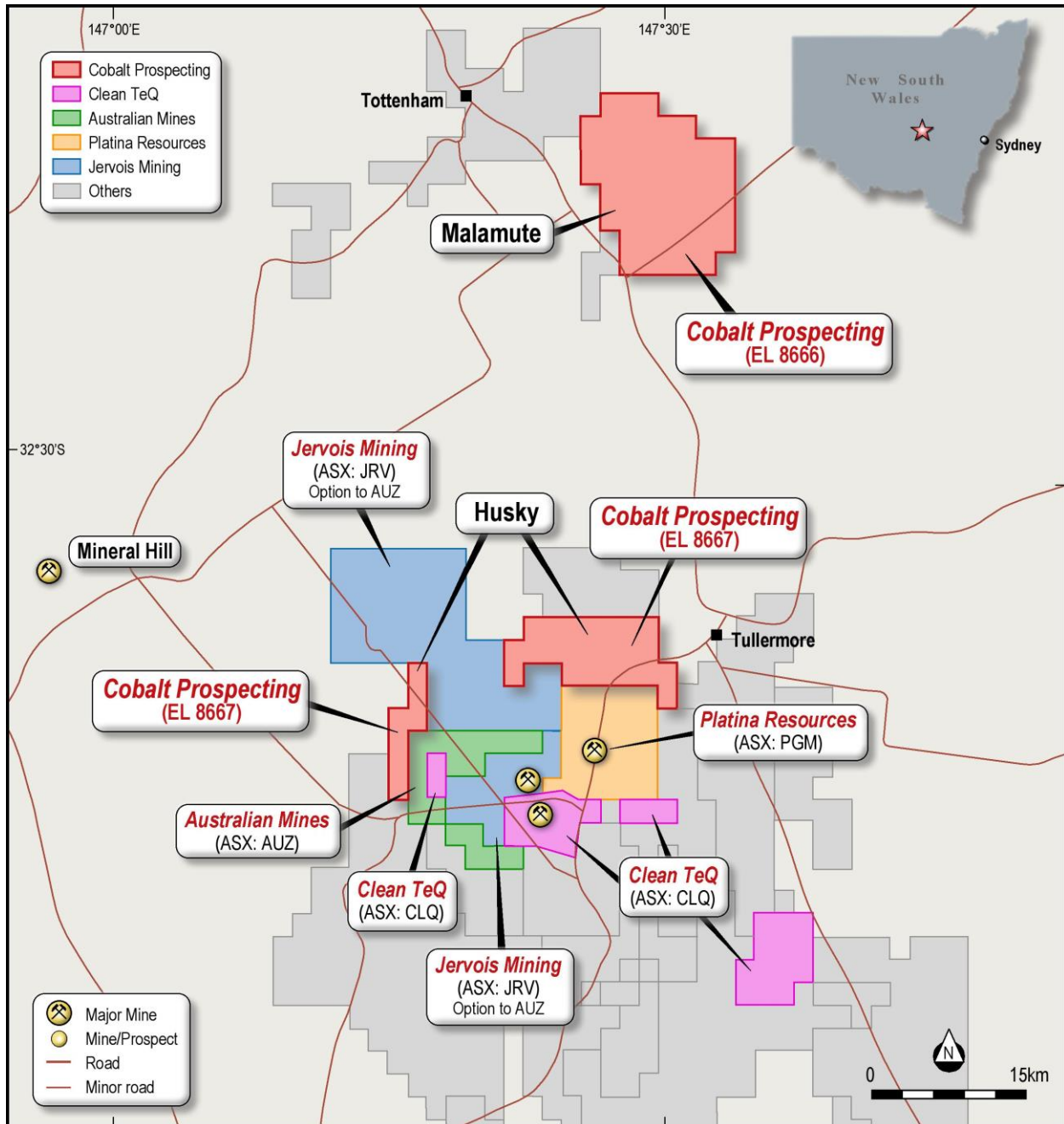


Figure 1: CPPL’s NSW tenements relative to high profile peers

COMPARATIVE MAGNETIC IMAGERY

Magnetic imagery is a useful geological tool that can assist in determining deposit boundaries, identifying potential drilling locations and comparing tenures within an area. For these reasons, the geology team decided to complete a comparative exercise and see how Husky and Malamute ranked relative with their immediate high-profile peers.

The regional geophysical anomalies that underpin the Flemington - Syerston deposit, the Owendale deposit and the Malamute drill target are Alaskan type intrusions comprised of a range of ultramafic rock types. The Alaskan type intrusions consist of mafic and ultra-mafic rock units that include various proportions of dunite, gabbro, peridotite and pyroxenite. The Alaskan Type Intrusions have weathered over a considerable time period to form lateritic units. The lateritic units are enriched in several elements that were contained in lower proportions in the source rock: these elements include cobalt and scandium.

Strong magnetic signatures in the area, combined with geological knowledge underpinning the formation of mineralised laterites in the region, have been shown by AUZ to link the deposits of nearby lateritic mineralisation; specifically, the Syerston and Flemington deposits (refer AUZ ASX announcement dated 11 August 2017).

The geological consultancy reviewed the NSW Resources and Energy Total Magnetic Intensity reduced to pole dataset and deduced the following:

- The Malamute drill target geophysical anomaly area to be 62.7km² (6,270 Ha);
- The Flemington-Syerston deposit geophysical anomaly area to be 52.7km² (5,270 Ha); and
- The Owendale deposit geophysical anomaly area to be 36.4km² (3,640 Ha).

The exploration licences will require fieldwork to be undertaken in order to surface sample the lateritic mineralisation, perform drilling, drill sampling and analyse the drill samples in order to demonstrate the lateritic mineralisation grades and/or thicknesses encountered within the mineral tenements.

Husky

With reference to Figure 2, Husky is adjacent to PGM and AUZ's deposits which are similar in geology and metal recoveries for cobalt laterite mineralisation. Interestingly, AUZ's deposit overlies a magnetic anomaly, this is the source rock for the laterite. Drilling results from a recent drilling program doubled cobalt and tripled scandium mineralisation footprints, that were within the boundary of the magnetic anomaly. Importantly, the results showed the mineralisation was open in multiple directions (refer AUZ ASX announcement dated 11 August 2017) which is a positive upside indicator for the Husky tenure. AUZ stated in the announcement that the AUZ Flemington deposit and the CLQ Syerston Deposit are a single continuous geological feature.

Further analysis shows the Husky prospect is expected to contain similar geological traits to CLQ’s deposit, implying it could produce cobalt sulphate, nickel sulphate and scandium oxide.

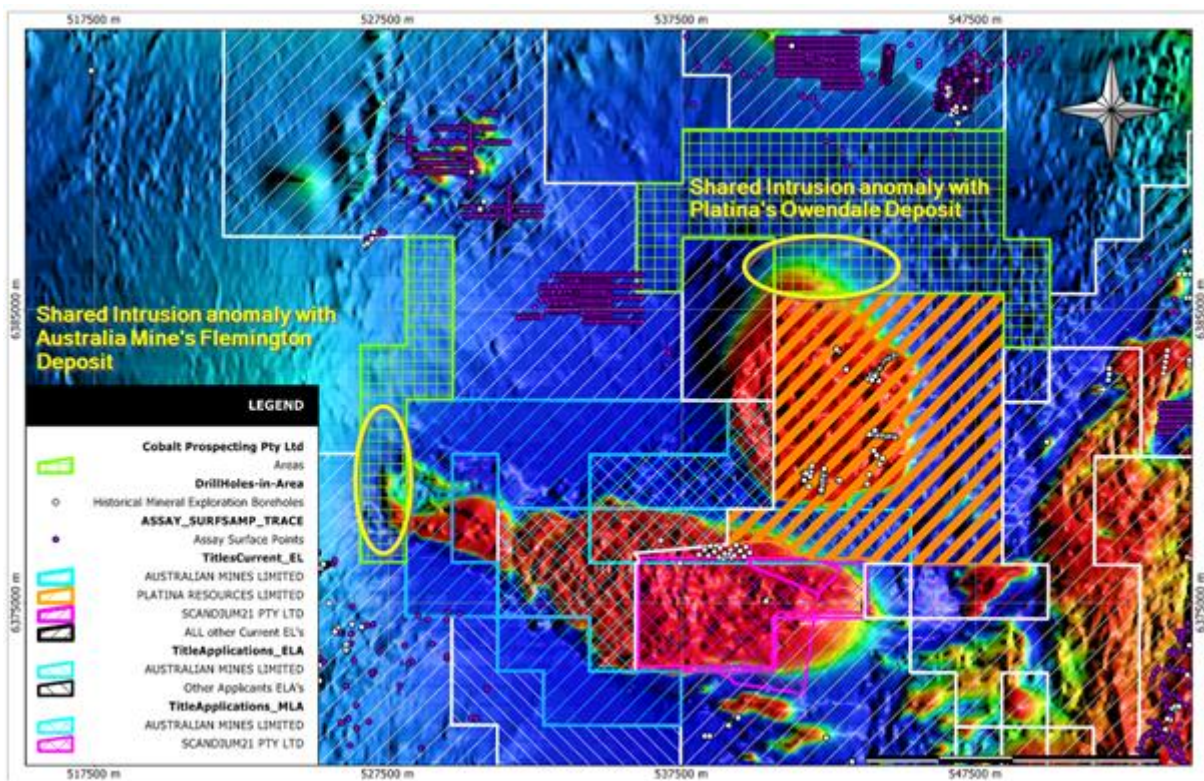


Figure 2: Magnetic imagery of Husky tenement¹

Malamute

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 (Figure 3). The geological consultancy completed a preliminary review of the CSIRO ‘Depth of Regolith’ map, available via the NSW Resources and Energy Minview portal. The findings determined the depth of regolith over the Malamute drill target geophysical anomaly is circa 20m – this appears to be similar to the maximum depth of regolith over the Flemington-Syerston deposit’s geophysical anomaly.

The Owendale deposit geophysical anomaly’s depth of regolith appears to reach a maximum depth of circa 30m, as a portion of the deposit. Further geological work will involve integrating the CSIRO’s depth of regolith map with publicly available borehole data. This will enable completion of the peer asset review and facilitate the Malamute drill target identification and drill program planning. Note, the drill target identification and drill program planning are outlined in VIC’s 24 November 2017 ASX Announcement.

¹ Source data: NSW Government Division of Resources and Energy of the Department of Environment and Planning

The key difference to CLQ, AUZ and PGM’s deposits is the scale of the intrusive body underlying the Malamute prospect. It is entirely within the boundary of a single exploration tenement, held solely by Cobalt Prospecting. Notably, a preliminary assessment, the Malamute prospect potentially contains 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 prospective mineralisation.

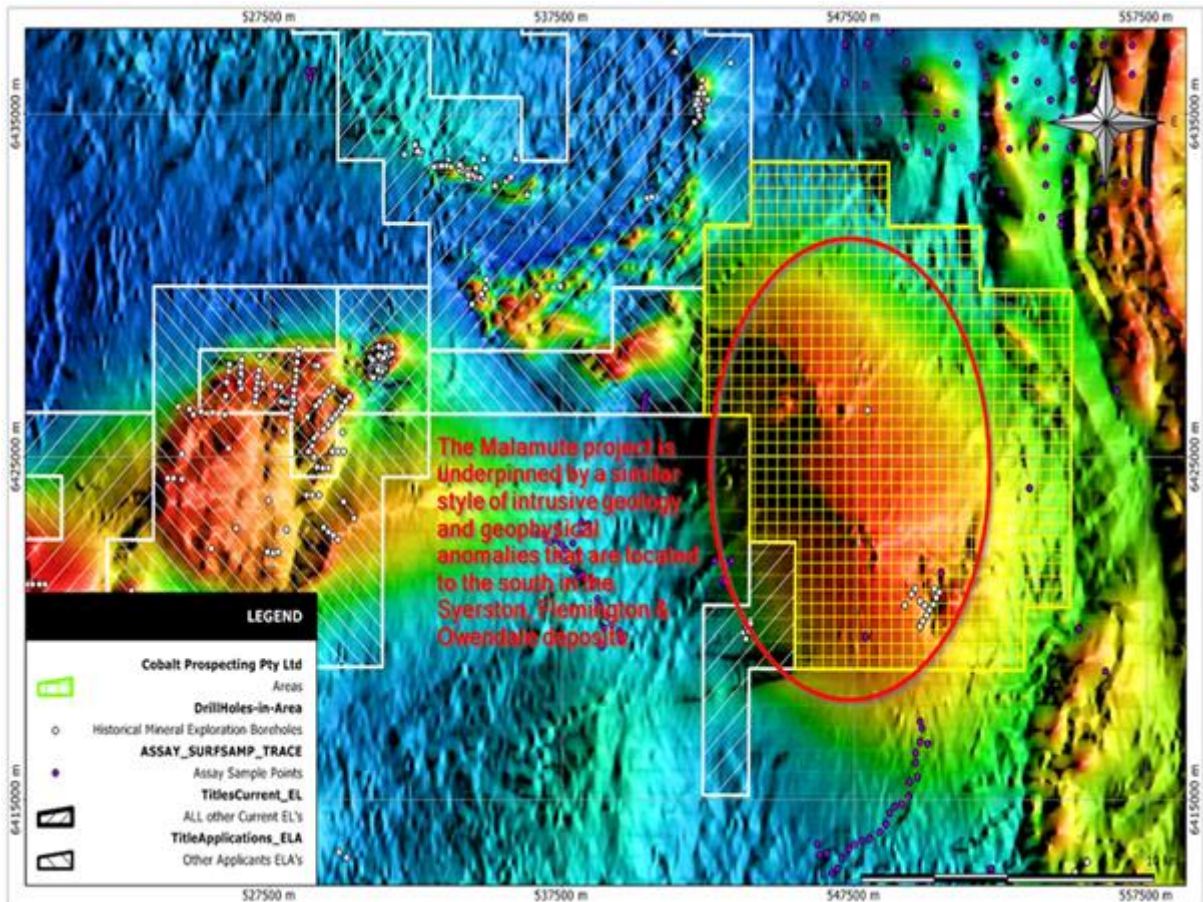


Figure 3: Magnetic imagery of Malamute tenement²

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Enquiries

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Company Secretary

² Source data: NSW Government Division of Resources and Energy of the Department of Environment and Planning



ABOUT VICTORY MINES:

Disclaimer and Competent Person Statement

Disclaimer

The Australian Mines Limited (ASX: AUZ) drill target identification and drill program planning referred to in this announcement have been sourced from an ASX Media Release by AUZ on the 11 August 2017 titled "Drilling doubles cobalt footprint, triples scandium footprint at Flemington, and mineralisation still remains open".

The Victory Mines Limited (ASX: VIC) drill target identification and drill program planning referred to in this announcement have been sourced from an ASX Media Release by VIC on the 24 November 2017 titled "Due Diligence Update".

Historical Exploration Results referred to in this ASX Announcement was first publicly announced by Victory Mines Limited (ASX: VIC) in an ASX Media Release on the 14 November 2017 titled "Acquisition of Highly Prospective Cobalt & Scandium Projects".

Competent Person's Statement

The information in this report that relates to Historical Exploration Results and the analysis of publicly available geological data 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. 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.