



19 October 2018

Ms Penelope Reid
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Ms Reid

Victory Mines Limited ("VIC"): Queries on the Issues of Securities

We refer to your letter dated 11 October 2018 and respond to your questions as follows:

1. ASX notes the statement at the foot of Annexure A to the Response Letter that:

"Prior to completion of the acquisition of Cobalt, Energy Capital Partners Pty Ltd (ACN 159 444 318 (ECP) elected for the consideration shares, performance shares and consideration options to which it was entitled to be issued to Anglo Menda Pty Ltd. ECP retained its interest in the exclusivity shares and exclusivity options."

Please provide a copy of any written or electronic communication or document that relates to the nomination by Energy Capital Partners Pty Ltd ("ECP") of Anglo Menda Pty Ltd as the part to receive the relevant shares, options and performance shares that VIC contracted to issue to ECP under the agreement to acquire Cobalt (not for release to the market).

VIC does not have any written or electronic communication or document of the nomination made by ECP of Anglo Menda Pty Ltd to receive the relevant securities. The Board understands that this nomination was made verbally by way of a telephone call from ECP to VIC's then Company Secretary, and the issue of the relevant securities was approved by a circular resolution of the directors of VIC dated 19 March 2018 (enclosed, not for release to the market). Anglo Menda Pty Ltd is identified on the 2nd page of the attachment to the circular as one of the recipients of the consideration securities (note that there is a typo in the wording of the resolution where "exclusivity fee" should be a reference to "consideration securities").

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2. Please provide a copy of any VIC board minutes concerning the acquisition of Cobalt (not for release to the market).

See enclosed Annexure A (not for release to the market). All Directors were also regularly kept informed of, and had various discussions regarding, the due diligence and negotiations on the transaction.

3. Please provide a copy of any tenement searches and geologist reports obtained by VIC or its advisers in the course of conducting due diligence in relation to the acquisition of Cobalt (not for release to the market).

See enclosed Annexure B the following due diligence materials (not for release to the market):

- due diligence action plan;
- due diligence materials request; and
- legal due diligence report.

There was no geologist report commissioned by VIC.

4. Please provide a list of all fees paid to EverBlu or a nominee of EverBlu in relation to the acquisition of Cobalt. This includes all cash and non-cash consideration.

In relation to questions 4 and 5, please see Annexure C. There were no specific fees paid to EverBlu in relation to the acquisition of Cobalt; EverBlu received its usual monthly retainer for these services.

5. Please provide a list of any other fees paid to EverBlu or a nominee of EverBlu since the date of their engagement by VIC. This includes all cash and non-cash consideration.

In relation to questions 4 and 5, please see Annexure C.

6. Given the connections and prior business dealings between directors of the Company and EverBlu, and Mr Clee and Mr Ellingford's personal knowledge of the queries raised by ASX in connection with EverBlu and Manalto Limited (of which Mr Clee is also a director), did VIC give consideration to the application of Listing Rule 10.11 in connection with:

- the issue of securities to Anglo Menda Pty Ltd at the request of ECP in relation to the acquisition of Cobalt (the associated Appendix 3B being dated 15 November 2017);
- the issue of securities detailed in the Appendix 3B of 15 November 2017 to the parties referred to above;
- the issue of securities detailed in Appendix 3B of 17 November 2017 referred to



above; and

- **the issue of securities detailed in Appendix 3B of 30 November 2017 referred to above?**

VIC wishes to clarify that the Appendix 3B relating to the issue of securities to Anglo Menda Pty Ltd at the request of ECP in relation to the acquisition of Cobalt is the Appendix 3B dated 19 March 2018 (being the Appendix 3B relating to the issue of all of the consideration securities for the acquisition of Cobalt), and not the Appendix 3B dated 15 November 2017 as referred to in ASX's question 6 above. The Appendix 3B dated 15 November 2017 relates to the issue of shares and options as exclusivity payment for the acquisition of Cobalt. None of the parties referred to by ASX in its question 4 were recipients of those exclusivity shares and options. Further details can be found in VIC's Response Letter dated 27 September 2018.

In relation to the issue of securities by VIC to Anglo Menda Pty Ltd and the other parties identified by ASX in question 6 in other circumstances, VIC and the Board consider that Listing Rule 10.11 has no application to the issue of securities to these parties as they are not related parties of VIC or any of its directors.

VIC notes that ASX refers to the queries raised by it in connection with EverBlu and Manalto Limited (**Manalto**). The Board of VIC considers that Manalto's circumstances are different to, and are of no relevance to VIC. It is noted that in relation to Manalto, ASX chose to exercise its discretion under Listing Rule 10.11 to treat EverBlu as a related party in or around April 2018. This was well after the Cobalt deal in question was finalised in any case. VIC notes that ASX has not used such discretion in relation to VIC and does not consider that it would be appropriate to do so.

- 7. ASX refers to the announcement by VIC entitled 'VIC to Acquire WA High Grade Cobalt Zinc-Lead-Silver Project' released on MAP on 18 July 2017 regarding the acquisition of the Bonaparte project and note that the announcement does not reference the exclusivity payment disclosed in the Appendix 3B of 15 November 2017 mentioned in clause 6 of the Response Letter. Please answer the following questions:**

VIC wishes to clarify the following in respect of ASX's question 7 above:

- VIC's announcement of 18 July 2017 referred to by ASX relates to the acquisition of the Bonaparte project. This acquisition is a different transaction to the Cobalt acquisition (and involved different vendors).
- The securities issued to the vendors under the Bonaparte project were the subject of the Appendices 3B dated 4 August 2017 and 21 August 2017 (and not 15 November 2017).
- The exclusivity payment referred to in the Appendix 3B dated 15 November 2017 referred to in ASX's question 7 above was in consideration for VIC being granted exclusivity for the acquisition of Cobalt (**Cobalt Exclusivity Payment**). As that payment is unrelated to the Bonaparte project, and the Cobalt transaction was



only entered into after the Bonaparte project acquisition had already completed, it would not have been referenced in VIC's announcement of 18 July 2017.

VIC has assumed that ASX's following questions relate to the Cobalt Exclusivity Payment.

(a) How and when was the facilitation payment agreed and when was it first disclosed on MAP?

VIC agreed to issue the securities representing the Cobalt Exclusivity Payment upon execution of the original acquisition agreement in respect of the Cobalt acquisition. This was announced to the market on 14 November 2017 and referred to as an option fee.

(b) Who were facilitators and what service did each facilitator provide?

As set out in VIC's previous responses, the payment was in consideration for VIC being granted exclusivity for the acquisition of Cobalt and the recipients of the relevant securities are as set out in Annexure C of VIC's Response Letter.

(c) Please provide a copy of the agreement to issue securities to the facilitators (not for release to the market).

A copy of the acquisition agreement has previously been provided to ASX.

For and on behalf of the Board

Aida Tabakovic
Company Secretary

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Annexure C

Cash

DATE	RECIPIENT OF FEES	AMOUNT (INCL GST)	PURPOSE OF PAYMENT
11/11/2016	EverBlu Capital	\$4,950	Loan facilitation fee - A\$350k loan
9/02/2017	EverBlu Capital	\$168,394.60	6% Capital Raising Fee for \$2,551,437 Jan-17 placement
9/02/2017	EverBlu Capital	\$16,500.00	Jan-17 monthly retainer
9/02/2017	EverBlu Capital	\$16,500.00	Feb-17 monthly retainer
7/03/2017	EverBlu Capital	\$16,500.00	Mar-17 monthly retainer
1/05/2017	EverBlu Capital	\$16,500.00	Apr-17 monthly retainer
1/06/2017	EverBlu Capital	\$16,500.00	May-17 monthly retainer
1/07/2017	EverBlu Capital	\$16,500.00	Jun-17 monthly retainer
1/07/2017	EverBlu Capital	\$16,500.00	Jul-17 monthly retainer
1/08/2017	EverBlu Capital	\$16,500.00	Aug-17 monthly retainer
1/09/2017	EverBlu Capital	\$16,500.00	Sep-17 monthly retainer
1/10/2017	EverBlu Capital	\$16,500.00	Oct-17 monthly retainer
1/11/2017	EverBlu Capital	\$16,500.00	Nov-17 monthly retainer
21/11/2017	EverBlu Capital	\$21,138.80	6% Capital Raising Fee for \$320,284.90 Nov-17 placement Tranche 1
30/11/2017	EverBlu Capital	\$117,461.19	6% Capital Raising Fee for \$1,779,714.94 Nov-17 placement Tranche 2
30/11/2017	EverBlu Capital	\$19,250.00	EverBlu Research Report Mandate Fee
1/12/2017	EverBlu Capital	\$16,500.00	Dec-17 monthly retainer
1/01/2018	EverBlu Capital	\$16,500.00	Jan-18 monthly retainer
1/02/2018	EverBlu Capital	\$16,500.00	Feb-18 monthly retainer
1/03/2018	EverBlu Capital	\$16,500.00	Mar-18 monthly retainer
1/04/2018	EverBlu Capital	\$16,500.00	Apr-18 monthly retainer
1/05/2018	EverBlu Capital	\$16,500.00	May-18 monthly retainer
1/06/2018	EverBlu Capital	\$16,500.00	June-18 monthly retainer
1/07/2018	EverBlu Capital	\$16,500.00	July-18 monthly retainer
1/08/2018	EverBlu Capital	\$16,500.00	August-18 monthly retainer
1/09/2018	EverBlu Capital	\$16,500.00	Sept-18 monthly retainer

Non-Cash

DATE	RECIPIENT OF FEES	PAYMENT	PURPOSE OF PAYMENT
11/11/2016	Australian Share Nominees Pty Ltd	27,500,000 FPO	Placement to EverBlu (among others) in lieu of cash payments for invoices relating to raising of A\$350k of convertible notes. EverBlu directed the Company to issue the shares due to it to its nominee, Australian Share Nominees Pty Ltd