



Due Diligence Update

Highlights:

- **VIC's Board is moving quickly to expedite the due diligence process for the proposed acquisition of four highly-prospective cobalt and scandium projects in NSW and WA (refer ASX announcement – 14 Nov 2017)**
- **For the NSW assets, Husky and Malamute, plans are underway to send a geology team to both tenements to commence a high-level exploration strategy, which includes desktop review, mapping, rock-chip sampling and drilling program – a proposal is currently being reviewed by the Board**
- **The focus is on identifying cobalt and scandium mineralisation across the tenements, given Husky is contiguous to Australian Mines (ASX: AUZ) tenure and within 5km of Clean TeQ's (ASX: CLQ) project**
- **Considerable field work needs to be completed on the Malamute tenement, as there is an area of 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.**
- **Post the NSW tenement review, the geology team will focus on the WA project areas with nickel-copper sulphide mineralisation – Galah Well and Peperill Hill**
- **These are increasingly attractive post-St George Mining (ASX: SGQ) announcing it had found outstanding, shallow depth, nickel-copper sulphide mineralisation at Mt Alexander which is directly south of Galah Well. Notably, early drilling results found over 10m of massive nickel-copper sulphides with average XRF readings 5.5% Ni and 2.1% Cu associated with an SANSOM EM anomaly open to the north and west (refer SGQ ASX Announcement – 20 Nov 2017)**

Dr James Ellingford, Victory Mines Limited Non-Executive Chairman (ASX: VIC) (**VIC or the Company**) is pleased to announce “the Board is expediting the due diligence process for the proposed acquisition of four-highly prospective cobalt and scandium projects in NSW and WA (refer ASX announcement – 14 Nov 2017). Furthermore, Dr Ellingford went onto say “a proposal from a geology consultancy to undertake a high-level exploration strategy has been received and is now being considered by the Board. If the proposal is awarded, the geology team will commence with the NSW tenements and then proceed to the WA project areas where St George Mining (ASX: SGQ) has made an impressive, high-grade, nickel-copper sulphide discovery south of VIC's Galah Well asset”.

EXPEDITING DUE DILIGENCE

The Board is currently reviewing a proposal from a geology consultancy to garner a greater understanding of the exploration upside for the project areas in NSW and WA. Commencing with NSW and progressing to WA. The high-level exploration strategy comprises of the following six components:

- Peer Asset review;
- Desktop study;
- Review of physical bore-core / samples held in government facilities;
- Fieldwork (non-drilling);
- Pre-drilling and geophysical survey
- Drill target identification and program planning.

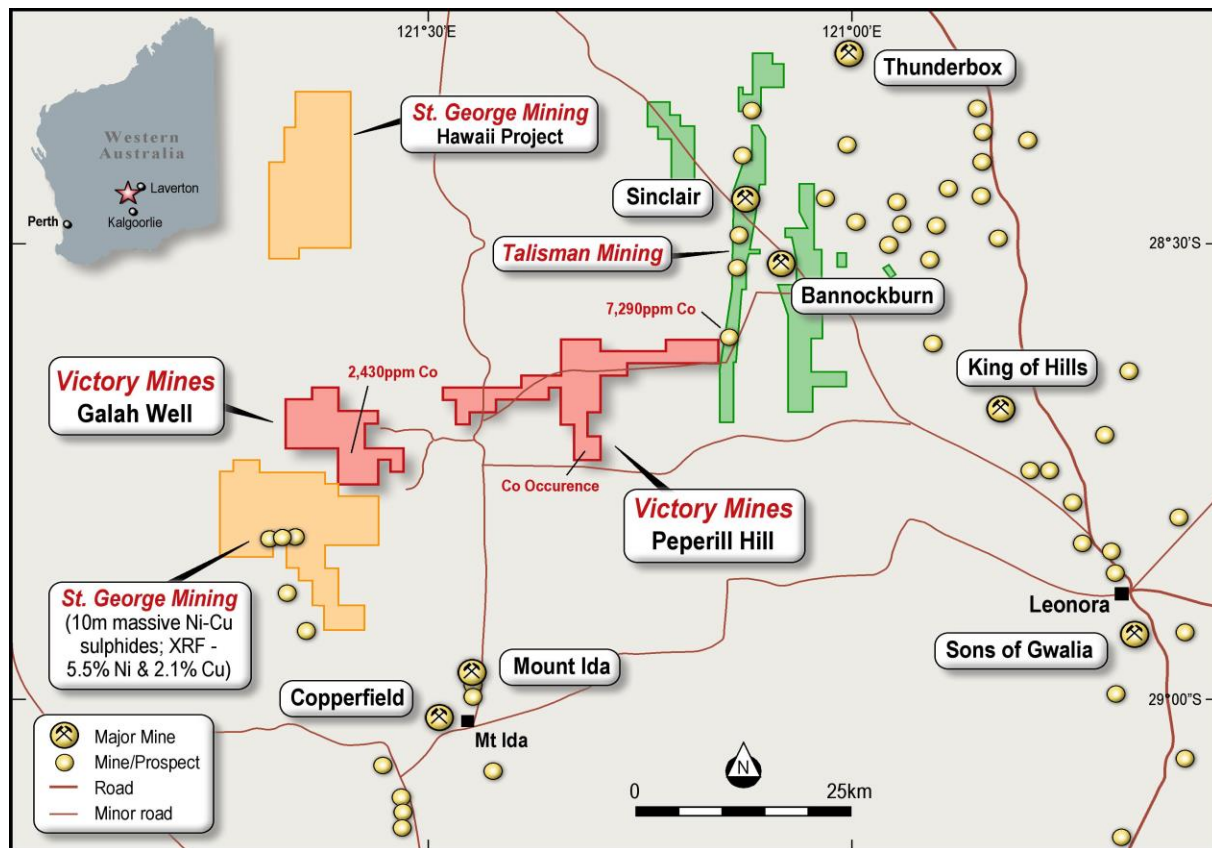
The geological team plans to expedite fieldwork and provide analysis of field results as they become available.

Clearly for the NSW tenements the focus will be on identifying prospective areas for cobalt and scandium mineralisation. Notably, the Husky tenement is contiguous to Australian Mines (ASX: AUZ) tenure and within 5km of CLQ's project. While considerable field work needs to be done on the Malamute tenement, there is an area of lateritic mineralisation which may equal or exceed the area of both CLQ and AUZ's deposits (refer SGQ ASX Announcement – 20 Nov 2017)

VICTORY MINES PROPOSED TENURE NEIGHBORING NEW HIGH-GRADE DISCOVERY

On 20 Nov 2017, SGQ announced it had found outstanding nickel-copper sulphide mineralisation at its Mt Alexander project, which is directly south of VIC's Galah Well project area (Figure 1). The historical descriptions of the sparsely drilled nickel-copper sulphide mineralisation and the geophysical aeromagnetic anomalies within VIC's WA projects appears similar to the announced SGQ nickel-copper sulphide mineralisation.

FIGURE 1: GALAH WELL/PEPERILL HILL TENURE RELATIVE TO PEERS



Field results from the SGQ drilling program showed a >10m massive nickel-copper sulphide, with average XRF readings of 5.5% Ni and 2.1% Cu though laboratory certified assay results are required to confirm the veracity of the grades. Of significant interest to VIC is this mineralisation is associated with a SANSOM EM anomaly which is open to the north and west (refer SGQ ASX Announcement – 20 Nov 2017). Potentially, it could trend into Galah Well’s project area, though significantly more analysis is required by the geology team to confirm the extent of nickel-copper sulphide mineralisation. It is noted an offset parallel east-west aeromagnetic anomaly structure that is characteristically similar to the SGQ identified mineralised structure.

Next steps

If feasible, the Board is aiming to expedite the timeline that was outlined in the ASX Release to shareholders on 14 Nov 2017 ASX, which detailed the proposed acquisition. Shareholders will be advised of progress appointing the geology team and any changes to the timeline in due course.

Investors:

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ABOUT VICTORY MINES:**Disclaimer and Competent Person Statement****DISCLAIMER:**

The St George Mining Limited (ASX: SGQ) drilling results contained in this announcement have been sourced from an ASX Media Release by SGQ on the 20th of November 2017 titled "Outstanding Intersection of Nickel-Copper Sulphides at Mt Alexander"

COMPETENT PERSON'S STATEMENT:

The Historical Exploration Results for the Victory Mines Limited (ASX: VIC) acquisition target, Cobalt Prospecting Pty Ltd, were announced in a VIC ASX Media Release on the 14th of November 2017 titled "Acquisition of Highly Prospective Cobalt & Scandium Projects". The relevant JORC CODE (2012) Table 1 is reported as an appendix to the aforementioned announcement.

The information in this report that relates to Historical Exploration Results 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 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.