

27 July 2020



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Activities Report for the Quarter Ended 30 June 2020

Highlights

- **Proposed acquisition of Coogee Gold JV Project in Western Australia**
- **High Purity Alumina (“HPA”) investigations performed by Nagrom Laboratories on samples from Malamute drilling campaign**
- **Regional soils program completed at the Galah Well (E29/1023) and Pepperill Hill (E29/1024) tenements**
- **Acceptances received to raise \$450,000 with a commitment for a further \$150,000**
- **New corporate and technical personnel to join Victory to progress exploration and development of Coogee and existing projects.**
- **Completion of Unmarketable Parcels of shares in the Company**

The Board of Victory Mines Limited (ASX:VIC) (“Victory” or “the Company”) is pleased to provide the following summary of its activities during the June 2020 quarter.

PROJECTS

PROPOSED ACQUISITION OF COOGEE GOLD PROJECT JOINT VENTURE INTEREST

During the quarter, the Company concluded negotiations for the proposed acquisition of Serena Mineral Limited’s (“Serena”) rights to earn a joint venture interest in the Coogee Gold Project (“Coogee”), located near Kambalda in Western Australia, pursuant to a 2017 Farm-in and Joint Venture Agreement with Ramelius Resources Limited (“Ramelius”). (*ASX announcement 1 July 2020*).

In terms of historical mining, Ramelius carried out gold mining on the Coogee Mining Lease in 2013, when 20,400 ounces were produced at an average head grade of 4.7g/t Au.

Later, in December 2017, Serena became a party to a Farm-in and Joint Venture Agreement with Ramelius (Serena as operator for the Joint Venture) and carried out further exploration and development activities.

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Coogee currently contains a JORC 2012 compliant Indicated and Inferred Mineral Resource estimate with 96,000 tonnes @ 3.4g/t for 10,600 oz Au remaining on the Coogee Mining Lease M26/477 which will be a priority exploration target for VIC along with a promising copper/gold exploration target located nearby.

Under the terms of the acquisition, VIC will take over Serena's rights pursuant to the Farm-in and Joint Venture Agreement to earn an 80% joint venture interest in three phases by spending a total of \$2,100,000 on exploration. Serena has already expended in excess of \$500,000 and completed Phase 1 to acquire a 10% joint venture interest. Phase 2 requires further expenditure of approximately \$600,000 by 31 March 2022 to earn a further 40% joint venture interest and Phase 3 requires an additional \$1,000,000 expenditure by 31 March 2024 to earn the remaining 30% joint venture interest.

Upon earning an 80% joint venture interest, VIC would then be required to sole fund the Coogee Gold Project to a decision to mine, which will require the delineation of a JORC 2012 gold resource of at least 22,000 ounces to a bankable feasibility study standard.

Upon a decision to mine, Ramelius can elect to either:

- (a) Maintain its 20% joint venture interest by contributing to joint venture expenditure.
- (b) Dilute its joint venture interest in accordance with a standard dilution formula.
- (c) Withdraw from the joint venture and receive a 1.5% net smelter return royalty.
- (d) Increase its joint venture interest by purchasing 31% of VIC's joint venture interest for the greater of:
 - (i) three times expenditure incurred by Serena/VIC up to and including the date of election;
 - (ii) \$25 per resource ounce; or
 - (iii) \$100 per reserve ounce.

In addition to the rights of Ramelius, there is also a \$25,000 per annum haul road compensation payment and a royalty of \$5 per ounce payable to third parties in relation to the project.

CONSIDERATION

The consideration for the Acquisition will be the issue of the following securities by VIC to Serena:

- (a) 500 million fully paid ordinary shares.

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- (b) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 25,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of Completion.
 - (c) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 50,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of Completion.

All of the shares and performance rights are subject to Listing Rule 7.1 shareholder approval at a general meeting to be held on Friday 14 August 2020..

Serena agrees to the voluntary escrow of the shares for a period of six months from the date of issue and to the application of a holding lock to the shares for the voluntary escrow period.

CONDITIONS PRECEDENT

The acquisition was subject to the following conditions precedent:

- (a) **Due diligence:** VIC completing legal, financial and technical due diligence on the Coogee Gold Project and being satisfied (in its sole and absolute discretion) with the results of its due diligence enquiries on or before 3 July 2020 or such later date as agreed between the parties. This condition has been satisfied.
- (b) **Shareholder approval:** VIC shareholders approving the issue of shares and performance rights to Serena and the issue of securities pursuant to the proposed capital raising on or before 14 August 2020.
- (c) **Other approvals:** The parties receiving any other regulatory or third-party approvals or consents required for the acquisition including pursuant to various third-party agreements on or before 14 August 2020.

If any of the conditions are not met, VIC may terminate the acquisition by notice in writing to Serena.

COMPLETION

Completion of the acquisition will occur within 14 days after satisfaction of all the conditions precedent or such later date as agreed between the parties.

MALAMUTE PROJECT

During the quarter, Nagrom Laboratories conducted HPA investigations on samples from the Malamute drilling campaign. (ASX announcement 25 June 2020)

In late 2019 the Company completed a successful drilling campaign of 40 air-core drill holes for over 2,088 metres at the Malamute Project in central New South Wales. The air-core drill holes intersected significant lateritic material overlying ultramafic and mafic units. Analyses carried out on four of the 40 drill holes identified very high alumina contents within the laterite profile and an initial 10 Kg sample of laterite was sent to Nagrom Laboratories, Perth for simple beneficiation and hydrometallurgical tests in order to determine whether a 4N HPA product could be produced.

Activities conducted by Nagrom included the following:

Sizing and Assaying

The Malamute laterite was sized and assayed to identify the highest alumina bearing size fraction. Although the finer size fractions contained the highest alumina, they also contained the highest iron contents. However, for the purposes of future Sighter Tests, a minus 40 mesh sized sample was collected for Test work.

Wet Magnetic Separation

High intensity wet magnetic screening was conducted on the high alumina minus 40 mesh sample which resulted in significant removal of iron bearing material.

Two Sighter Leach Tests

Two Sighter Leach Tests, the first at 20% Hydrochloric acid and the second at 20% Sulphuric acid, were both conducted at 80 degrees centigrade and 20% pulp density. Results of the sighter tests clearly showed the importance of a sulphuric acid leach which yielded over 66% extraction of the Aluminium into solution. In addition, over 55% of the remaining iron was also leached into solution.

The Company's aim for the Malamute Project is to produce a 4N HPA product for use in the lithium-ion battery and sapphire glass markets. The Company intends to achieve this goal by finalising a flowsheet which will enable aluminium to be preferentially leached from a sulphuric acid leach and washing process. Additionally, the Company will conduct tests to determine whether solvent extraction or ion exchange can be used commercially to remove impurity elements (such as sodium) from the leach solution.

GALAH WELL & PEPPERILL HILL, GOLDFIELDS WA

During the quarter, the Company completed a regional soil sampling program at the Galah Well (E29/1023) and Peperill Hill (E29/1024) tenements. (ASX announcement 5 May 2020)

The program was focused on four areas and designed to identify anomalism associated with all styles of mineralisation.

A total of 1982 samples were collected with alternate samples submitted to Australian Laboratory Services (ALS) for analysis. 990 results were analysed by ALS for 51 elements including Au, Co, Ni, and Cu.

The results identified anomalous Sb-Mo-Bi-As coincident with weakly anomalous gold results at Galah well – indicating the potential for orogenic gold mineralisation on the tenement.

Similar gold anomalism was also identified at Peperill Hill in two areas as outlined in Figure 1 below.

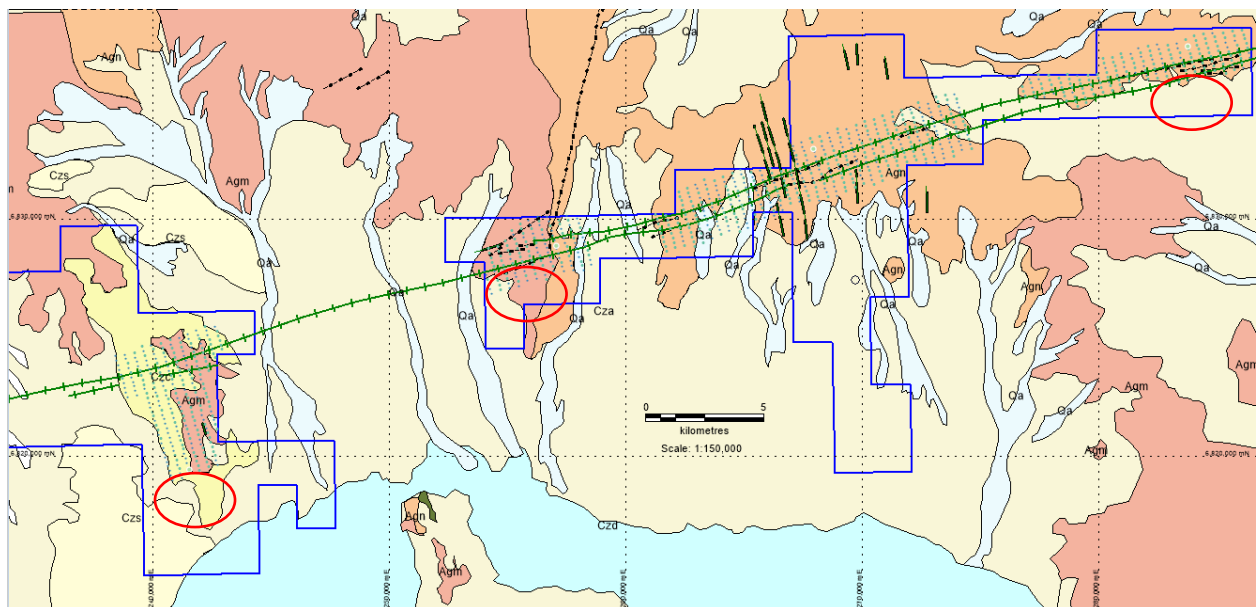


Figure 1: Gold anomalism at Peperill Hill and Galah Well Tenements

BONPARTE, KIMBERLEY REGION WA

During the quarter, the Company progressed plans for a maiden drilling programme to test geochemical and geophysical targets for Cu-Pb-Zn mineralisation.

COPPER MOUNTAIN PROJECT

During the quarter, the Company provided the following update in relation to the Copper Mountain Project, which the Company has an option to acquire as announced to ASX on 30 August 2019.

The Copper Mountain Project is located approximately 360kms east north east of Newman and 60kms east of the Telfer Copper/Gold Mine site. The historical exploration activities on the tenement area were undertaken by Normandy Gold in 1997 and more recently FMG from 2009 to 2013.

Since the Company entered into the Option Agreement, Carmichael Prospecting Company Pty Limited (**CPC**) has divested its other exploration assets and therefore, the only asset remaining in CPC is the Copper Mountain Project. The Company has entered into an agreement with the shareholders of CPC to acquire all of the shares in CPC for the same consideration payable if the Company chose to exercise its option to acquire the Copper Mountain Project itself.

The key terms of the Acquisition Agreement are as follows:

- The acquisition is subject to due diligence investigations to the satisfaction of the Company in relation to CPC.
- The acquisition is subject to shareholder approval for the issue of the consideration shares to the shareholders of CPC.
- Subject to satisfaction of these conditions precedent, the Company will issue a total of 75 million shares to the shareholders of CPC in the following tranches:
 - 30 million shares on settlement of the acquisition.
 - 45 million shares upon the grant of the Copper Mountain Project tenement, being Western Australian tenement E45/5384.

The Company previously received shareholder approval pursuant to ASX Listing Rule 7.1 for the acquisition of the Copper Mountain Project at its 2019 AGM but due to the fact the tenement has not yet been granted this approval has expired.

The Company anticipates the tenement will be granted to CPC once CPC has entered into a Land Access and Mineral Exploration Agreement with the Western Desert Lands Aboriginal Corporation, representing the Native Title Holders for the area over which the tenement is located. CPC is in the process of negotiation with WDLAC but finalisation of the Agreement is dependent on clarifying the timing of access to the project area for exploration in the light of Covid-19 restrictions.

CORPORATE

Appointment of Director and Technical Consultant

Upon completion of the Coogee acquisition, Mr Zaffer Soemya, a director of Serena will join the VIC Board as a non-executive director on the same remuneration as applicable to the current VIC directors.

VIC will also appoint Serena's Managing Director, Mr Harjinder Kehal as a consultant to assist the Company in development of the Coogee Project on terms to be negotiated between VIC and Mr Kehal.

Capital Raising

Subsequent to quarter end, VIC received acceptances to complete a capital raising of \$450,000 through the issue of 450,000,000 fully paid ordinary shares at \$0.001 each.

450,000,000 fully paid shares were issued under the Company's placement capacity in accordance with ASX Listing Rules 7.1 (**150,334,518 Shares**) and 7.1A (**299,665,482 Shares**).

The subscribers will also receive an attaching unlisted option exercisable at \$0.003 per share on or before 31 December 2024 subject to shareholder approval at the General Meeting.

A further 150,000,000 shares and attaching options to raise a further \$150,000 will be issued subject to shareholder approval.

Shaw & Partners received a 6% selling fee on the funds raised and will also receive a facilitation fee of 50,000,000 fully paid ordinary shares subject to completion of the Coogee acquisition and shareholder approval.

Extension of Technical and Marketing Consultant's Contract

During the quarter, the Company extended Mr. Rob Mosig's contract as Technical and Marketing Consultant for a further 3 months.

Mr. Mosig received 10,000,000 unlisted options to subscribe for shares in the Company exercisable at \$0.002 on or before 20 December 2024 as per his initial 6-month contract.

Completion of Sale of Unmarketable Parcels

During the quarter the Company completed the Unmarketable Parcel Share Sale as announced to the ASX on 16 March 2020.

The Company provided the facility to holders of Unmarketable Parcels to sell their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult.

As at market close on 28 April 2020 , there were 205,583,126 ordinary shares in the company, held by 1,816 shareholders (representing approximately 6.6% of total issued capital) in parcels that had a market value of less than A\$500 (Unmarketable Parcels).

After holders of unmarketable parcels were given the opportunity to top up their holdings or elect to continue to hold their unmarketable parcels, the number of shares sold under the facility was 181,239,204 ordinary shares from 1,628 shareholders (which represented approximately 56% of the 2,896 shareholders in the Company).

The Company arranged Shaw and Partners to sell these shares at a price of \$0.001 per share by crossing and proceeds were remitted to shareholders by either direct credit or by cheque.

The share sale will significantly reduce administrative and corporate costs moving forward.

Payments to related parties of the entity and their associates

During the quarter, there were \$49,000 paid to related parties for Directors fees.

ENDS

This ASX announcement is authorised for market release by the Board of Victory Mines Limited.

For more information:

Please visit our website for more information: www.victorymines.com

or

contact Alec Pismiris, Non-Executive Director: +61 402 212 532

Competent Person's Statement

The information in this report on Galah Well and Peperill Hill that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mathew Perrot who is a Registered Practising Geologist and Member of the AIG. Mr Perrot is employed by Mathew Perrot Consulting Geologist Pty Ltd. Mr Perrot has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Perrot consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report on the Malamute Project that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Rob Mosig who is a Fellow of the Australasian Institute of Mining and Metallurgy (F.AusIMM). Mr Mosig is employed by DM Associates Limited. Mr Mosig has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Mosig consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this ASX release that relates to Mineral Resources is based on information compiled by Rob Hutchison who is a Competent Person and Member of The Australasian Institute of Mining and Metallurgy. Rob Hutchison is a full-time employee of Ramelius Resources Limited. Rob Hutchison 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". Rob Hutchison consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the above original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

TENEMENT SCHEDULE

Project Name	Location	Tenement Licence	Interest held at 31 March 2020	Interest acquired / disposed of	Interest held at 30 June 2020
Bonaparte	WA	E80/4901	100%	-	100%
Galah Well	WA	E29/1023	100%	-	100%
Peperill Hill	WA	E29/1024	100%	-	100%
Malamute	NSW	EL8667	100%	-	100%
Husky	NSW	EL8666	100%	-	100%

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