



ASX Announcement  
31 July 2015

## QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2015

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### Highlights

- Victory's Bolivian subsidiary, CM Gondwanaland S.A. ("Gondwanaland"), has successfully renewed and upgraded its annual licence to purchase and sell concentrates within Bolivia and to export concentrates – the NIM.
  - Upon the grant of the upgraded NIM Gondwanaland applied for and received a concentrate export licence; the RUEX. This now puts Gondwanaland in a position to establish its proposed minerals buying/selling business.
  - Victory is focussing on cash generating activities in Bolivia as a staged development to deliver the plan of significant tin production, being: -
    - Purchasing and selling concentrates, initially tin concentrates within Bolivia, and then possibly other metal concentrates from within and outside of Bolivia; and
    - Construction and operation of a series toll treatment plants
  - Gondwanaland has had two samples tested by an Asian firm specialising in upgrading concentrates. The result of this work was concentrates of approximately 76% Sn, with low impurities.
  - With a focus on cash generation, Gondwanaland is in negotiations with a number of international trading groups that have the potential to assist the Company in a minerals trading operation. Discussions have also been held with an Asian smelter and a Latin American smelter.
  - Victory has relinquished its three tenements in W.A. by surrendering two of the tenements and withdrawing from the J.V. on the third.
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Victory Mines Limited (ASX: VIC) ('Victory' or 'the Company') presents the following information for the Quarter ended 30 June 2015.

### BOLIVIA

#### *Surface Channel Sampling Programme*

No work was done to advance this programme.

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### ***Certifications Required for Trading and Exporting Minerals in Bolivia***

Two certificates are required to buy and export mineral concentrates in Bolivia. The first is the “NIM.” Gondwanaland has renewed its NIM and upgraded it so that it is now has an “export” designation.

With the issue of the upgraded NIM, Gondwanaland then applied for and received a RUEX certificate from the Bolivian Government. This certificate will now allow Gondwanaland to export mineral concentrates.

### ***Concentrate Upgrading and Cleaning***

Part of the Gondwanaland business plan is to buy low grade concentrates from its Mining Cooperative partners and upgrade them to high grade, impurity free tin concentrates. Test work has been done in Asia on two samples sourced from Mining Cooperatives at the Siglo XX Mine. This test work was done by a firm specialising in cleaning and upgrading concentrates which has been in business for over 50 years. The results of this test work were highly encouraging, with both samples being upgraded to concentrates of approximately 76% Sn, with very low impurities. A concentrate of 100% cassiterite (the main Sn mineral) would grade approximately 79% Sn, so a result of +70% is excellent. The cleaning process mostly involves flotation, with the majority of the impurities being in the form of readily-flotable sulphides. Table 1 below shows the results of this test work.

| <b>Concentrate</b>   | <b>Sn</b> | <b>Fe</b> | <b>As</b> | <b>Pb</b> | <b>Bi</b> | <b>Cu</b> | <b>Sb</b> | <b>S</b> | <b>WO<sub>3</sub></b> |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------------------|
| <b>SXX – Before</b>  | 53.3%     | 6.08%     | 0.12%     | 0.59%     | 2.14%     | 0.07%     | 0.09%     | 6.35%    | 2.15%                 |
| <b>SXX – After</b>   | 76.3%     | 0.96%     | 0.01%     | 0.01%     | 0.01%     | 0.01%     | 0.01%     | 0.07%    | 0.50%                 |
|                      |           |           |           |           |           |           |           |          |                       |
| <b>X XO – Before</b> | 68.5%     | 3.08%     | 0.03%     | 0.09%     | 0.05%     | 0.01%     | 0.01%     | 1.44%    | 0.50%                 |
| <b>X XO - After</b>  | 76.0%     | 1.44%     | 0.01%     | 0.02%     | 0.01%     | 0.01%     | 0.01%     | 0.12%    | 0.50%                 |

**Table 1 – Before and After Results from Concentrate Cleaning of Siglo XX Mine Tin Concentrates**

Gondwanaland has received an offer from the concentrate cleaning firm to use its facilities in Asia for the toll cleaning of tin concentrates before potential final delivery of upgraded concentrates to a smelter. Gondwanaland is evaluating this offer in conjunction with other offers. Once the offers have been properly evaluated, and discussions with potential trading partners are furthered, Gondwanaland will look to ship an initial 3 to 4 sea containers of tin concentrates on a trial basis.

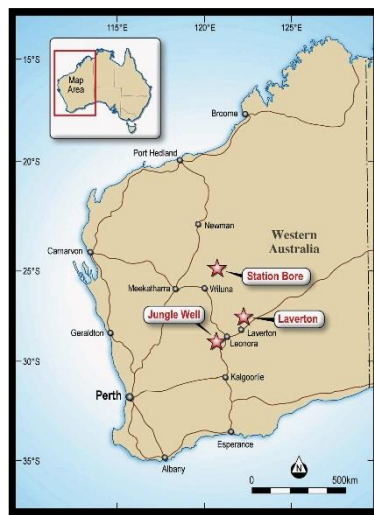
### **Other Discussions**

Positive discussions are being held with a number of minerals trading companies and a tin smelter in Asia. The trading companies currently do not purchase concentrates in Bolivia and consider Gondwanaland an ideal potential partner due to its long presence, its understanding of the Bolivian mining industry and its existing licencing.

The Asian tin smelter has a track record of buying tin concentrates from Bolivia. The smelter has offered terms to purchase concentrates to Gondwanaland, which the Company is currently evaluating.



## WESTERN AUSTRALIA



**Figure 1 – Former Western Australian Project Locations**

### **Laverton Project (E38/2374)**

The Laverton Project in which Victory had a 70% interest was surrendered on 26 June 2015 by the tenement holder (Northeast Minerals Pty Ltd) with Victory's consent.

### **Jungle Well Project (E29/679)**

The Jungle Well Project in which Victory had a 70% interest was surrendered on 25 June 2015 by the tenement holder (Northeast Minerals Pty Ltd) with Victory's consent.

### **Station Bore Project (E69/2872)**

Victory, which held a 70% interest in this project with Proto Resources and Investments Ltd holding the remaining 30%, has withdrawn from the Joint Venture leaving the tenement 100% owned by Proto.

### **ASX Listing Rule 5.3.3 Information**

The Company presents the following in line with ASX Listing Rule 5.3.3.

| Location     | Tenement No | Interest Held at 31/3/2015 | Interest Acquired /Disposed Of | Interest Held at 30/6/2015 |
|--------------|-------------|----------------------------|--------------------------------|----------------------------|
| Jungle Well  | E29/679     | 70%                        | 70%                            | 0%                         |
| Laverton     | E38/2374    | 70%                        | 70%                            | 0%                         |
| Station Bore | E69/2872    | 70%                        | 70%                            | 0%                         |



## JORC CODE

### JORC Code Table 1 Checklist of Assessment and Reporting Criteria

No changes are necessary to the JORC Table 1 over what was reported on 12 May 2014 for San Pedrito. The surface channels will be sampled and then will be analysed in the same fashion as the underground channel samples discussed in the JORC Table 1 on 12 May 2014.

### Competent Persons' Statements

The information herein that relates to Exploration Results is based on information compiled by Mr John Kelly BE (Min), who is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Kelly is a full-time employee, director and shareholder of Victory Mines Limited. Mr Kelly has 34 years' experience in mining and exploration activities. Mr Kelly has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported 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, Minerals Resources and Ore Reserves" (the JORC Code). Mr Kelly takes responsibility for the form and content of the Bolivian exploration information in this report. Mr Kelly also takes responsibility for the form and context of the Exploration Target reported. This public report is issued with the prior written consent of the Competent Person as to the form and context in which it appears and Mr Kelly consents to the inclusion of this information in this report.

The information in this report that relates to Western Australian Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Peebles who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the AIG. Mr Peebles is employed by Darlington Geological Services Pty Ltd and is also the Technical Director of and a shareholder of Victory Mines Ltd. Mr Peebles 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 Peebles consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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### Enquiries:

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

VICTORY MINES LIMITED

ABN

39 151 900 855

Quarter ended ("current quarter")

30 June 2015

#### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--|----------------------------|--|
| 1.1 Receipts from product sales and related debtors  | -                          | -                                      |
| 1.2 Payments for (a) exploration & evaluation<br>(b) development<br>(c) production<br>(d) administration | (53)<br>-<br>-<br>(156)    | (215)<br>-<br>-<br>(625)               |
| 1.3 Dividends received   | -                          | -                                      |
| 1.4 Interest and other items of a similar nature received  | -                          | -                                      |
| 1.5 Interest and other costs of finance paid   | -                          | -                                      |
| 1.6 Income taxes paid  | -                          | -                                      |
| 1.7 Other (provide details if material)  | -                          | -                                      |
| <b>Net Operating Cash Flows</b>  | <b>(209)</b>               | <b>(840)</b>                           |
| <b>Cash flows related to investing activities</b>  |                            |  |
| 1.8 Payment for purchases of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets          | -<br>-<br>-                | -<br>-<br>-                            |
| 1.9 Proceeds from sale of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets             | -<br>-<br>-                | -<br>15<br>-                           |
| 1.10 Loans to other entities   | -                          | -                                      |
| 1.11 Loans repaid by other entities  | -                          | -                                      |
| 1.12 Other (provide details if material)   | -                          | -                                      |
| <b>Net investing cash flows</b>  | <b>-</b>                   | <b>15</b>                              |
| 1.13 Total operating and investing cash flows (carried forward)  | <b>(209)</b>               | <b>(825)</b>                           |

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

|      |  |             |            |
|------|--|-------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (209)       | (825)      |
|      | <b>Cash flows related to financing activities</b>          |             |            |
| 1.14 | Proceeds from issues of shares, options, etc.              | 160         | 725        |
| 1.15 | Proceeds from sale of forfeited shares                     | -           | -          |
| 1.16 | Proceeds from borrowings                                   | 29          | 143        |
| 1.17 | Repayment of borrowings                                    | -           | (43)       |
| 1.18 | Dividends paid   | -           | -          |
| 1.19 | Other – costs of share issues                              | -           | (22)       |
|      | proceeds from intended issue of securities                 | -           | 25         |
|      | <b>Net financing cash flows</b>                            | <b>189</b>  | <b>828</b> |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(20)</b> | <b>3</b>   |
| 1.20 | Cash at beginning of quarter/year to date                  | 53          | 26         |
| 1.21 | Exchange rate adjustments to item 1.20                     | 2           | 6          |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>35</b>   | <b>35</b>  |

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 24                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

1.23 includes directors' fees, directors' consulting fees and salaries for executive and non-executive directors

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

|     |
|-----|
| Nil |
|-----|

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000   |
|--------------------------------|-----------|
| 4.1 Exploration and evaluation | 25        |
| 4.2 Development                | -         |
| 4.3 Production                 | -         |
| 4.4 Administration             | 50        |
| <b>Total</b>                   | <b>75</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 35                         | 53                          |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>35</b>                  | <b>53</b>                   |

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+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

|     | Tenement reference and location   | Nature of interest (note (2))            | Interest at beginning of quarter             | Interest at end of quarter |                |
|-----|---|--|--|----------------------------|----------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | E29/679 WA<br>E38/2374 WA<br>E69/2872 WA | Relinquished<br>Relinquished<br>Relinquished | 70%<br>70%<br>70%          | 0%<br>0%<br>0% |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased           | Nil                                      |  |                            |                |

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|     | Total number   | Number quoted     | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--|-------------------|---|--|
| 7.1 | <b>Preference securities</b><br><i>(description)</i>   |                   |   |  |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                   |   |  |
| 7.3 | <b>+Ordinary securities</b>  | (a) 1,896,236,954 | 991,935,688                                   | -  |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | (a) 61,666,666    | (a) 61,666,666                                |  |
| 7.5 | <b>+Convertible debt securities</b><br><i>(description)</i>  |                   |   |  |

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

|      |   |  |           |  |  |
|------|---|--|-----------|--|--|
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |  |           |  |  |
| 7.7  | <b>Options</b><br>(description and conversion factor)   | (a) 41,500,000<br>(b) 4,658,000<br>(c) 4,000,000<br>(d)9,429,007<br>(e)104,650,000 | 9,429,007 | <i>Exercise price</i><br>20 cents<br>40 cents<br>20 cents<br>20 cents<br>3 cents | <i>Expiry date</i><br>9 October 2015<br>9 October 2015<br>9 October 2017<br>9 April 2015<br>31 December 2016 |
| 7.8  | Issued during quarter   |  |           |  |  |
| 7.9  | Exercised during quarter  |  |           |  |  |
| 7.10 | Expired during quarter  | (d)9,429,007   | 9,429,007 | 20 cents   | 9 April 2015   |
| 7.11 | <b>Debentures</b><br>(totals only)  |  |           |  |  |
| 7.12 | <b>Unsecured notes</b> (totals only)  |  |           |  |  |

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 31 July 2015

Print name: Elizabeth Hunt

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+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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