

# ASX ANNOUNCEMENT

Date: 30 January 2018



## December 2017 Quarterly Report

Victory Mines Limited (ASX: VIC) ('Victory' or 'the Company') provides a review of its activities during the December 2017 quarter.

### EXPLORATION – WESTERN AUSTRALIA

#### Laverton (E38/3075)

In an announcement dated 7 August 2017 ("Exploration Project Update Laverton and Bonaparte Projects"), Victory announced it would undertake a Ground EM Survey (Moving Loop Time Domain EM) over three areas at Laverton totalling 5.2sq km. The survey was completed by Vortex Geophysics with the results interpreted by Russell Mortimer (Southern Geoscience).

The survey was performed between 26 August and 8 September 2017, totalling 34.5km of coverage (26 lines, 371 stations). The EM survey highlighted several areas within the North and South Blocks that warrant further investigation, and Victory will consider all options to advance the project.

#### Bonaparte Project (E80/4901 and E80/4965)

As announced 18 July 2017, Victory acquired the Bonaparte Project, Western Australia, which is considered to be highly prospective for polymetallic elements (especially zinc, lead and silver).

During the quarter, Victory identified a new gossanous area which was discovered not far from the Redbank Prospect has returned a value of 15.95% copper, 9 g/t silver and 0.14% zinc. Previous rock chip sampling at Redbank returned values of up to 53.8% Pb, 39.1% Zn and 8 g/t Ag. The area in which the "Copper Gossan" has been found is within the area of the ground gravity survey, which was completed mid-December. Results of the gravity survey are expected to be available mid-February 2018.

Sample No	Easting (MGA94Z52)	Northing (MGA94Z52)	Ag ppm	Cu %	Zn %
CG001	462623	8300471	9	15.95	0.14

*Table 1: Analytical Results for the Copper Gossan*

Victory Mines is strongly encouraged by this result as it confirms high grade copper mineralisation as well as the previously known lead, zinc and silver mineralisation. Figure 1 shows the copper gossan material

Figure 2 shows the area which is being covered by the gravity survey and the location of the Copper Gossan.

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Figure 1: Visible Copper Mineralisation (Malachite) from the Copper Gossan

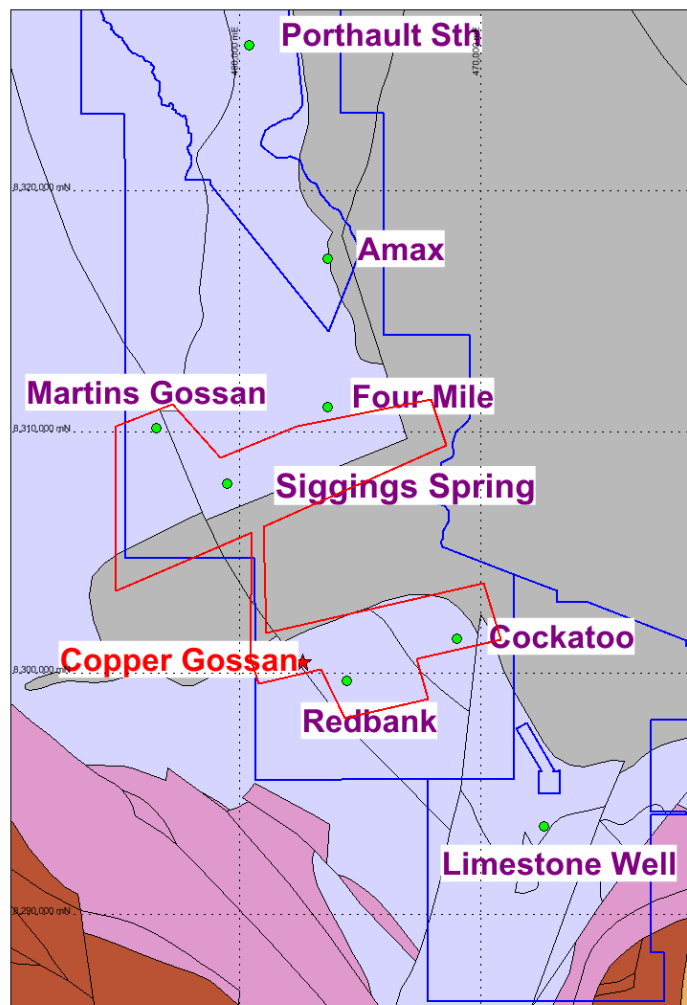


Figure 2: Area of Proposed Gravity Survey at Bonaparte and the Copper Gossan

**EXPLORATION - BOLIVIA**

Victory announced on 16 August 2017 that it has been granted permission by the Bolivian state mining company, Corporacion Minera de Bolivia (**COMIBOL**) to commence a feasibility study on a number of its existing tailing sites plus four new additional sites identified by the Victory Mines board and Victory’s Bolivian Country Manager, Mr Alberto Galvez.

During the quarter, the Company completed the drilling and sampling at “El Kenko”, “Rio Andavillque” and “Arenas Catavi” tails deposits, which are located near the town of Llallagua at 3900m above sea level. The location of the drillholes at these deposits is presented in Figures 3 and 4.



*Figure 3. Kenko and Arenas Catavi drilling holes location*



*Figure 4. Rio Andavillque drilling holes location*

Kenko 1 shows the presence of detritus from igneous rock and other minerals such as quartz, pyrite, sericite, hematite and limonite. The deposit can be classified as a sulphide ore with the existence of small sections in transition to oxides. The particle size, carried out wet until the smallest aperture of 38µm, reported the particle distribution between 150 and 240 µm and a small area below 80µm. The weighted grade for Kenko 1 reported the tin average of 0.42% (see Table 2).

*Table 2. Tin content from Kenko 1 Drill Core Samples*

<b>Assay Sample ID</b>	<b>Sn, %</b>
VIC 5001	0.34
VIC 5002	0.34
VIC 5003	0.39
VIC 5004	0.45
VIC 5005	0.45
VIC 5006	0.48
VIC 5007	0.39
VIC 5008	0.50
VIC 5009	0.51
VIC 5010	0.52
VIC 5011	0.48
VIC 5012	0.33
VIC 5013	0.33
VIC 5014	0.46
VIC 5015	0.39
VIC 5016	0.51
VIC 5017	0.73
VIC 5018	0.34
VIC 5019	0.28
VIC 5020	0.34
VIC 5021	0.40
VIC 5022	0.33
VIC 5023	0.34
VIC 5024	0.34
VIC 5025	0.46
VIC 5026	0.39
VIC 5027	0.34
VIC 5028	0.39
VIC 5029	0.51
VIC 5030	0.44
VIC 5031	0.45
<b>Avg.</b>	<b>0.42</b>

Arenas Catavi shows the presence of fragments of igneous rock with slate often at less than 2mm size and fine clay. Figure 5 shows the minerals observed from a sample after in-situ concentration test on a porcelain plate. It is observed the presence of fine grains of cassiterite (Cs), fine pyrite (Py), fine quartz (Qz) and the iron oxides of haematite and limonite (Ox-Hm-Lm). Some cassiterite was also seen impregnated on the quartz mineral.

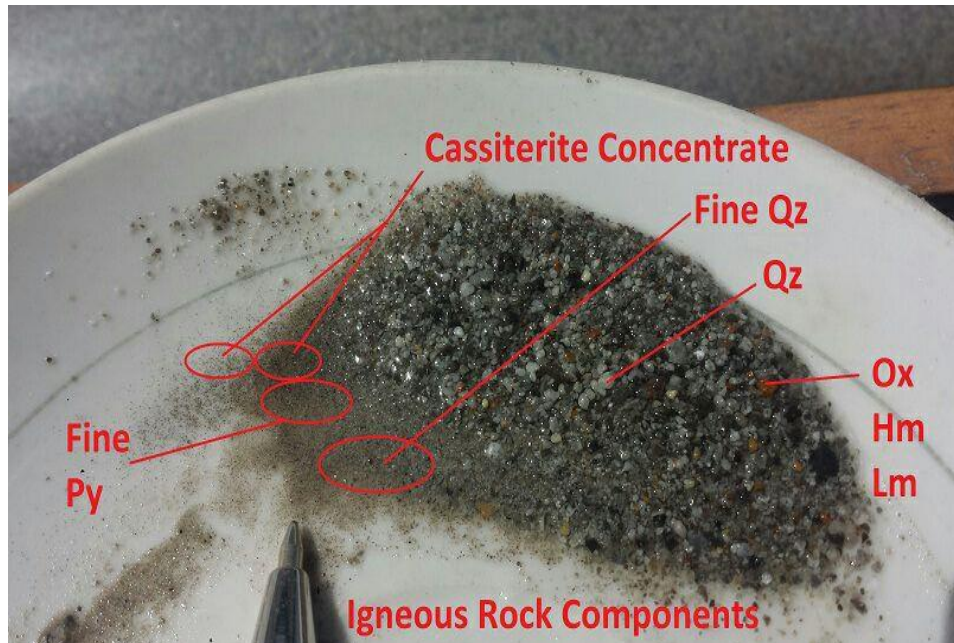


Figure 5. Cassiterite and other elements observed in an Arenas Catavi sample

Kenko 1 tin assays have been received. Tin has been analysed by a certified chemical laboratory in Oruro, SpectroLab (acid digestion, followed by wet chemistry titration) Blanks and duplicate samples have been used for QC/QA. The Company is currently waiting for the particle size analysis and tin-by-size analysis for the majority of the drilled samples.

Act Labs from Canada will carry out the ICP assays for 60 elements and the first batch of samples has already been sent to Canada for analysis.

Once the drilling and sampling program is completed, comprehensive metallurgical testing will be carried out to determine the most technical-economical extraction method. It is being sought with mining chemical supplier's special reagents for testing to maximize the recovery of fine cassiterite from tin tailings slime by froth flotation. The Company aims to focus the metallurgical test work in the deposits of "El Kinko", "Arenas Catavi", "Rio Adavillque" and "Sink and Float".

The Company will continue to provide the results of the chemical, physical and mineralogical assays as they come to hand. These results will enable the Company to make a preliminary assessment of the tails deposits, future development of a technically reliable and cost-effective process facility which will allow the extraction of tin, silver and other valuable metals to take place and to provide an economic model as to the value of the tin assets in Bolivia.

## EXPLORATION – ACQUISITION

As announced on 14 November 2017, Victory entered into a binding agreement (Agreement) to acquire 100% of the issued capital of Cobalt Prospecting Pty Ltd (CPPL) from its current shareholders (Acquisition), subject to certain conditions precedent. CPPL owns four high-quality, cobalt and scandium focused project areas in NSW and WA.

The Acquisition will be completed on receipt of NSW ministerial consent to allow the change in effective control.

As part of the due diligence on the Acquisition, a desktop study was undertaken which confirmed excellent potential for discovering cobalt and scandium mineralisation at the Husky and Malamute tenements (owned by Cobalt Prospecting).

### Husky

With reference to Figure 6, 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.

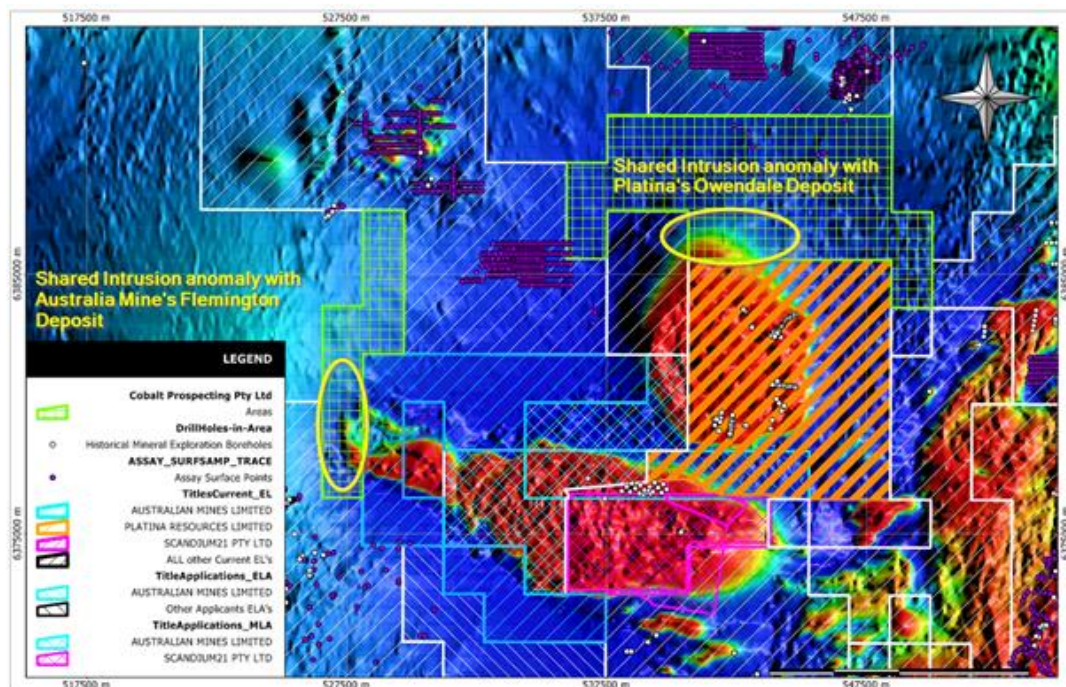


Figure 6: Magnetic imagery of Husky tenement<sup>1</sup>

<sup>1</sup> Source data: NSW Government Division of Resources and Energy of the Department of Environment and Planning

## 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 4). 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.

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.

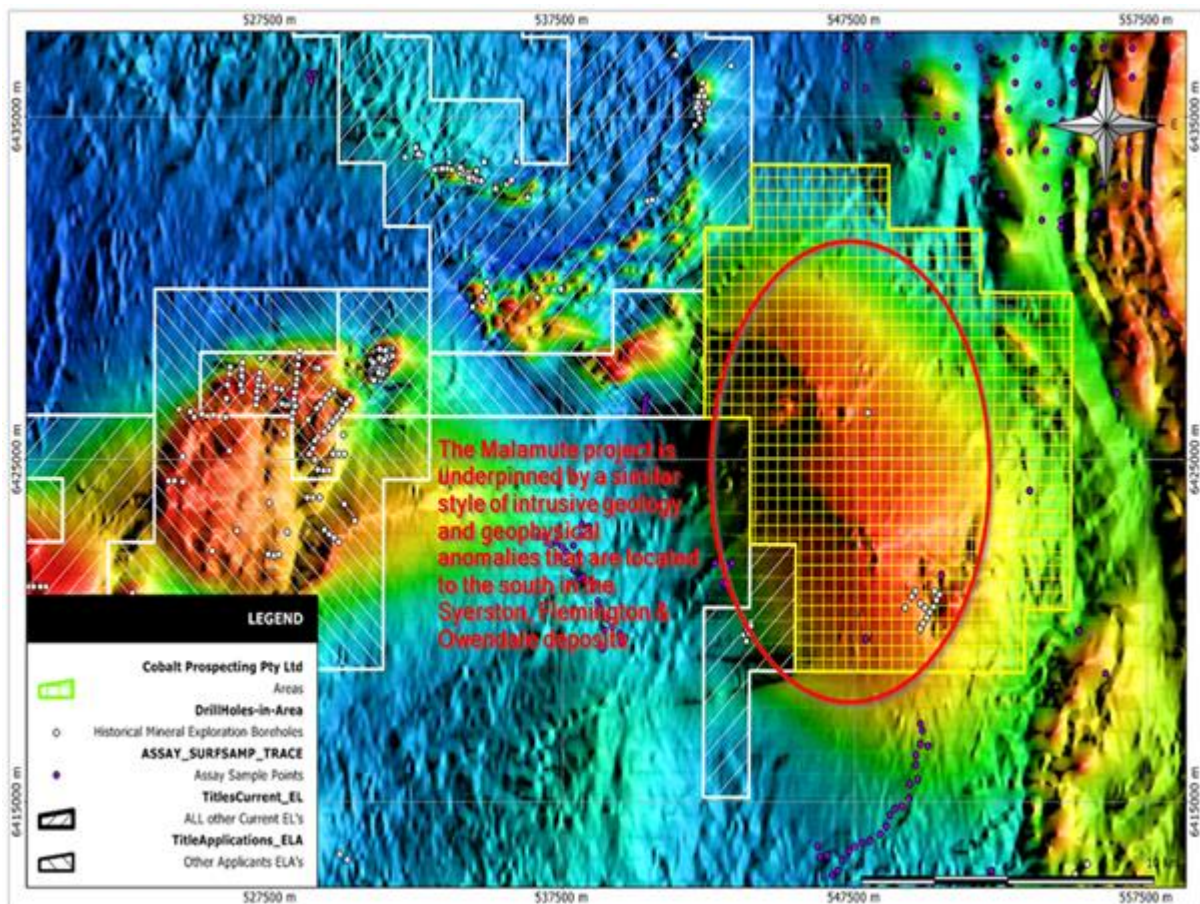


Figure 7: Magnetic imagery of Malamute tenement<sup>2</sup>

<sup>2</sup> Source data: NSW Government Division of Resources and Energy of the Department of Environment and Planning



## CORPORATE

During the quarter, the Company completed a placement to raise a total of \$2.2M and issued shares to various creditors as approved at the AGM held 29 November 2017.

### For further information please contact:

Elizabeth Hunt  
Company Secretary

#### COMPETENT PERSON STATEMENT

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Bonaparte, Laverton and Bolivian projects 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 a Director of Victory Mines Limited. 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.*

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Husky and Malamute projects 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 and is a Chartered Profession (Geology). 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.*

### **ASX Listing Rule 5.3.3**

The Company presents the tenement information in Table 3 below in accordance with ASX Listing Rule 5.3.3.

**Table 3: Tenement Information**

Project Name	Location	Tenement Licence	Interest held at 30 September 2017	Interest acquired/ disposed of	Interest held at 30 December 2017
Laverton	WA	E38/3075	100%	-	100%
Bonaparte	WA	E80/4901	100%	-	100%
Bonaparte	WA	E80/4964	100%	-	100%