

Date: 24 January 2019



December 2018 Quarterly Report

Highlights:

- Plans progressed to commence inaugural drilling program at Malamute and Husky projects once funding has been secured
- Importantly, as part of this process, landholder liaison occurred at specific drill sites within the Malamute exploration area
- A contractor has been short-listed to begin the inaugural exploration drilling campaign, with pre-site visit inspection already undertaken
- Marketing Laverton and Bonaparte projects to prospective strategic investors / partners remains on going, while discussions with a third-parties interested in the Bolivian tin project continues

The Board of Victory Mines Limited (ASX: VIC) ('Victory' or 'the Company') is delighted to provide a review of its activities during the December 2018 quarter.

CORE PROJECTS

Malamute and Husky projects – New South Wales

During the quarter the VIC geology team conducted community engagement and landholder liaison sessions in order to progress the inaugural drilling campaign in 2019, on key properties in the Malamute project area. A drilling contractor was short-listed as the preferential party to begin the inaugural exploration drilling campaign at the Malamute exploration area. Site visits were made to liaise directly with the landholders to ensure the drilling program will progress smoothly with the full cooperation of the respective property owners (Figures 1 & 2).

Victory's geology team and the drilling contractor visited selected sites at the Malamute exploration area to undertake preparations to rapidly progress the drilling program in 2019. The inaugural drilling program for the Malamute and Husky prospects had been designed for early confirmation of lateritic targets, with a staged progression to allow for expansion of the potential deposit and an end goal of reporting a JORC (2012) compliant resource.¹

¹ Refer to ASX Announcement dated 11 December 2018.

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FIGURE 1: PREFERENTIAL DRILLING CONTRACTOR ONSITE



Source: VIC geology team

FIGURE 2: LANDHOLDER AT ONE OF THE KEY MALAMUTE DRILL SITES



Source: VIC geology team

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Galah Well and Peperill Hill projects – Western Australia

During the quarter, no work was advanced on the Galah Well and the Peperill Hill projects.

OTHER ASSETS

Bonaparte and Laverton projects – Western Australia

A review of the geophysical data acquired is planned to commence early next quarter with the goal of determining a combination of drilling targets and areas of further work, including newer geophysical techniques that may be able to directly image zinc mineralisation.

The Board continues to seek a strategic investor to form a joint-venture to develop the Bonaparte project and a buyer to divest the Laverton asset outright to maximise shareholder value.

Bolivia Tin project

The Bolivia tin project remains under care and maintenance program, though discussions with prospective third-party buyers remains ongoing.

CORPORATE

ASX queries and ongoing suspension

During the quarter, the suspension of Company's securities continued as the line of enquiry from the ASX is yet to run its course. During the period, the Company has been advised that the ASX will not permit the suspension in trading of the Company's securities to be lifted until such time as ASX's concerns with respect to the affairs of Hardey Resources Limited (ASX: **HDY**) have been resolved to ASX's satisfaction.

Notwithstanding the above, in order to expedite the Company's securities being released from suspension, subsequent to the quarter end the Company was reviewing its corporate and business relationships to assess the merit of continuing with the status quo or making changes to help expedite relisting of the company's securities. Subsequent to the quarter end, ongoing discussions are taking place with ASX in relation to this review to seek to remedy the situation as soon as possible.

As per the Company update announcements dated 9 January 2019 and 15 January 2019, the Company advised that it was unable to provide any further updates which would be of substance to the market other than that the ongoing discussions are taking place between the Company and ASX. The Board is committed to having the suspension lifted, commence drilling per previous announcements to the market and build long term shareholder value.

Capital raising

Subsequent to the December 2018 quarter end, the Company is assessing several options to raise capital. During March 2019 quarter, the Company announced that it has mutually agreed with EverBlu Capital Pty Ltd to terminate the corporate advisory and lead manager mandate. Victory is currently in talks with various broking houses to find the most suitable options to raise capital.

The Company received shareholder approval at its annual general meeting to issue up to 750,000,000 shares at an issue price not less than 80% of the average market price for shares calculated over the 5 days on which sales in shares were recorded before the date of issue. However, the Board is particularly sensitive not to disadvantage or exclude existing shareholders by diluting their interests. The Company is exploring all capital raising alternatives available and where best to allocate its resources to ensure the best possible outcome for shareholders.



Further exploration, and the timing of such, is directly connected to the Company's ability to raise funds, which is being directly impacted by the ongoing suspension of the Company's securities. The Board is continuing to work diligently to bring this unsatisfactory situation to an end.

For further information please contact:

Dr James Ellingford
Non-Executive Chairman

References

- 1) VIC ASX Release dated 11 December 2018

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Victory operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside Victory Mines Limited (ASX: VIC) control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of VIC, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by VIC. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

COMPETENT PERSON

The information in this report that relates to Geological Interpretation, Historical Exploration Results, Exploration Targets, or 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 has been a Member of the Australian Institute of Mining and Metallurgy for 12 years and is a Chartered Professional (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan is the consulting Technical Manager for Cobalt Prospecting Pty Ltd, the subsidiary that holds the Peperill Hill, Galah Well, Husky, and Malamute projects. 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 the following Table in accordance with ASX Listing Rule 5.3.3.

TABLE : TENEMENT INFORMATION

Project Name	Location	Tenement Licence	Interest held at 30 September 2018	Interest acquired/ disposed of	Interest held at 31 December 2018
Laverton	WA	E38/3075	100%	-	100%
Bonaparte	WA	E80/4901	100%	-	100%
Bonaparte	WA	E80/4964	100%	-	100%
Malamute	NSW	EL8667	100%	-	100%
Husky	NSW	EL8666	100%	-	100%
Galah Well	WA	EL29/1023	100% (application only)	-	100% (application only)
Peperill Hill	WA	EL29/1024	100%	-	100%

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