

ASX ANNOUNCEMENT

Date: 30 April 2018



March 2018 Quarterly Report

Victory Mines Limited (ASX: VIC) ('Victory' or 'the Company') provides a review of its activities during the March 2018 quarter.

EXPLORATION – ACQUISITION OF COBALT PROSPECTING PTY LTD

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 was completed on 16 March 2018.

Pending the approval, the Board coordinated a high-level exploration program for the Husky and Malamute projects in NSW (Figure 1), given growing global demand for cobalt and scandium.

The Board has now received detailed desktop reviews on the Husky and Malamute projects the results of which will be released once fully assessed by the geology team. A key term of reference was to compare the prospective cobalt and scandium mineralisation with peers' deposits to see how the NSW assets stack up.

In addition, results from recent field trips to the Husky and Malamute projects should be completed soon. This information will be utilised to formulate the inaugural drilling campaigns for both projects, which the Board is keen to commence as soon as practical.

NSW assets

The geology team has completed their initial soil sampling campaign at the Malamute project, focused on high-priority magnetic anomaly peaks, identified during the desktop review process.

The geology team's initial desktop study was the precursor to field work as it interpreted the magnetic anomaly, within the Malamute project area, to be an ultramafic intrusive under the cover of unconsolidated weathered material (refer to VIC ASX Release 20 March 2018).

With circa 140 samples being analysed in the laboratory, the team will undertake a follow up soil sampling visit across both projects in several weeks. Once these results are in the geology team can commence formulating the inaugural drilling program and seeking regulatory approval.

WA assets

The team has now commenced desktop work on assembling the existing geological dataset, with the aim of ascertaining the potential extent of cobalt mineralisation at the WA assets – Galah Well and Peperill Hill.

EXPLORATION – WESTERN AUSTRALIA

Bonaparte Project (E80/4901 and E80/4965)

No work was undertaken at Bonaparte during the quarter.

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Laverton (E38/3075)

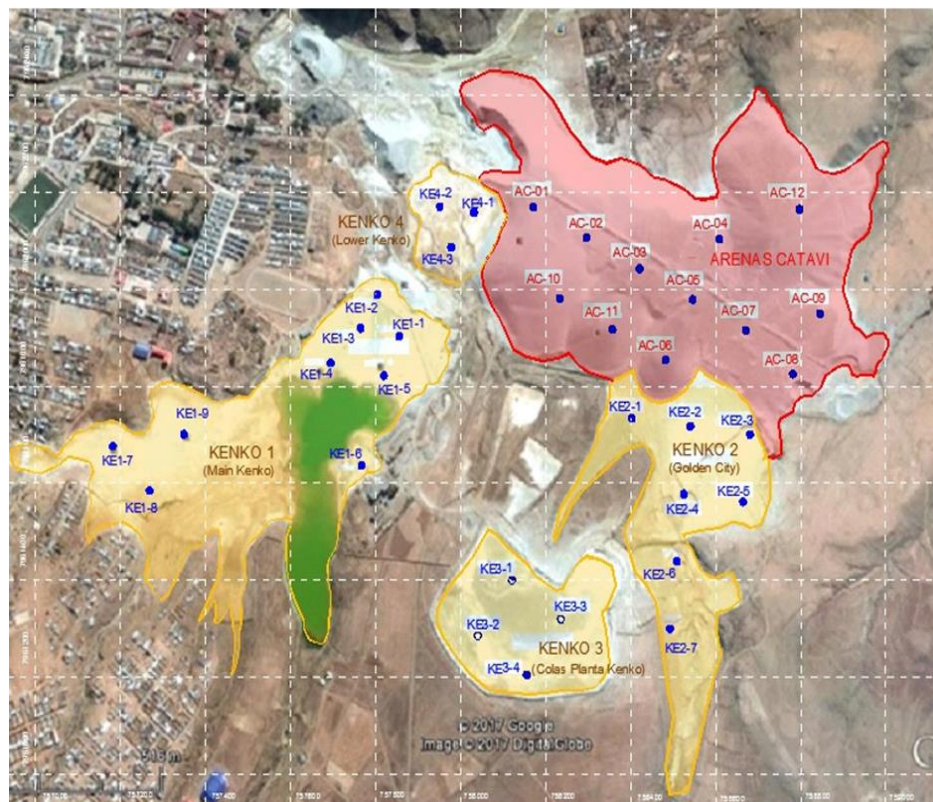
No work was undertaken at Laverton during the quarter.

EXPLORATION - BOLIVIA

As announced on 29 March 2018, Victory has determined the Company's core focus will be on exploration at the newly acquired cobalt and scandium projects in NSW & WA, together with reviewing its other assets. Details of this decision and recent results are set out in the announcement dated 29 March 2018 ('Bolivian Tin Asset to be Rationalised').

Recent sampling results indicate there is clear potential to extract tin at comparatively low costs using simple processes (gravity or flotation) across the project area (Figure 1).

FIGURE 1: THE KENKO DEPOSITS PLUS ARENAS CATAVI



Source: Company Data and VIC geology team

Further desktop work uncovered a Sand & Slime Tailings report (COMIBOL, La Paz, 2001), which identified an additional potential higher-grade resource at Kenko 4 (west of Arena Catavi) that needs to be verified.

Drilling programs have been executed and reached full completion stages for Kenko 1-3 and Rio Andavillque. Drilling has also been completed at Arenas Catavi and partial float/sink data has been received.

The drilling program was extensive and comprised of a total of 321 drill holes, with 181 cores extracted from Arenas Catavi, 112 from Kenko and 28 from Rio Andavillque. A total of 363 samples were sent for either laboratory analysis (100 x 2 metre composites) delivering results ranging from 0.11% Sn up to 0.91% Sn and a further 163 samples sent for size analysis. The Kenko 1-3 deposits delivered average results of 0.42%, 0.29% and 25% Sn respectively; the Arenas Catavi deposit delivered an average of 0.29% Sn and Rio Andavillque delivered an average of 0.34% Sn.

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Included in the laboratory analysis was an assessment of tin grades and particle size distribution. The results from the analysis have indicated tin recovery methods of floatation for Kenko 1-3 and Rio Andavillque; and recovery by gravity for Arena Catavi. This information formed the foundation for the metallurgical test-work program.

- **Metallurgical test-work program WAS been designed** based on available results and comprehensive project evaluation. Specifically, ore from Arenas Catavi requires testing to determine the optimal process engineering pathway.
- **Reserve modelling scope has been developed** via an arrangement with the Bolivian Mining Research Institute of the Mining, Oil and Geotechnics Engineering of the Oruro Technical University to assess the distribution and reserves of tin across each deposit.

CORPORATE

During the quarter, the Company completed the acquisition of Cobalt Prospecting Pty Ltd. Final consideration comprised 357,142,857 ordinary fully paid shares, 178,571,428 quoted options and 142,857,143 performance shares.

Also during the quarter, Victory entered into a settlement agreement with Milestone Sports Ltd whereby Victory would receive a total of USD\$169,446.12 in full and final settlement of the outstanding loan balance, on or before 3 June 2018. This supersedes the previous agreement whereby Victory would receive a total of USD\$250,000 in 18 equal monthly payments commencing 24 November 2018.

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 AIG. Mr Peebles is employed by Darlington Geological Services Pty 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.

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 the following Table in accordance with ASX Listing Rule 5.3.3.

Table: Tenement Information

Project Name	Location	Tenement Licence	Interest held at 31 December 2017	Interest acquired/ disposed of	Interest held at 31 March 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	ELA29/1023	-	100%	100% (application only)
Peperill Hill	WA	ELA29/1024	-	100%	100% (application only)

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