
QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

- Strong cash balance of \$2.361M
- Agreement in place to acquire 100% of the First Hit Gold Mine
- Capital raising (Placement and Rights Issue) secured \$1,534,294.64
- Akoase Gold Project litigation progressing for recovery of USD\$5M

ACTIVITIES SUMMARY

During the quarter ended 31 December 2020, Viking Mines Ltd (**Viking** or the **Company**) was actively focussed on the proposed acquisition of Red Dirt Mining Pty Ltd (**Red Dirt**) owners of the First Hit high grade gold and exploration development projects in Western Australia, a capital raising, and continuation of proceedings against the purchaser and guarantors of the Akoase Gold Project.

AUSTRALIA

First Hit Project, Western Australia (subject to completion of acquisition)

As announced on 26 November 2020, the Company entered into a conditional agreement to acquire 100% of Red Dirt Mining Pty Ltd, the owner of the First Hit high grade gold exploration and development projects (the **Project**) located 150km north-west from Kalgoorlie in Western Australia (Figure 1). An Acquisition Presentation of Red Dirt was presented on 3 December 2020 outlining the potential of the Project.

The First Hit Project encompass the historical high grade First Hit gold mine and numerous exploration targets on the surrounding tenure. Limited bedrock testing has been completed along strike from the known mineralisation and no significant exploration activity has been undertaken on the Project for 18 years. First Hit is located in the Eastern Goldfields of WA, situated along the Mt Ida greenstone belt and northern extensions of the Zuleika shear zone. Gold mineralisation has been identified to extend in all directions of the historical resource providing the opportunity for expansion.

The Company further announced it had engaged the services of CSA Global to assist in the rapid exploration and development of the First Hit Project. The Perth-based geosciences team are leading practitioners in gold geology, structural understanding, and orebody knowledge, as well as practical exploration knowledge. CSA will provide independent advice, review data, assess the opportunities, and execute programmes of work to advance the First Hit Mine targets and tenement wide exploration opportunities.

The Company held an extraordinary general meeting on 29 January 2021 to pass certain resolutions in connection with the Acquisition.

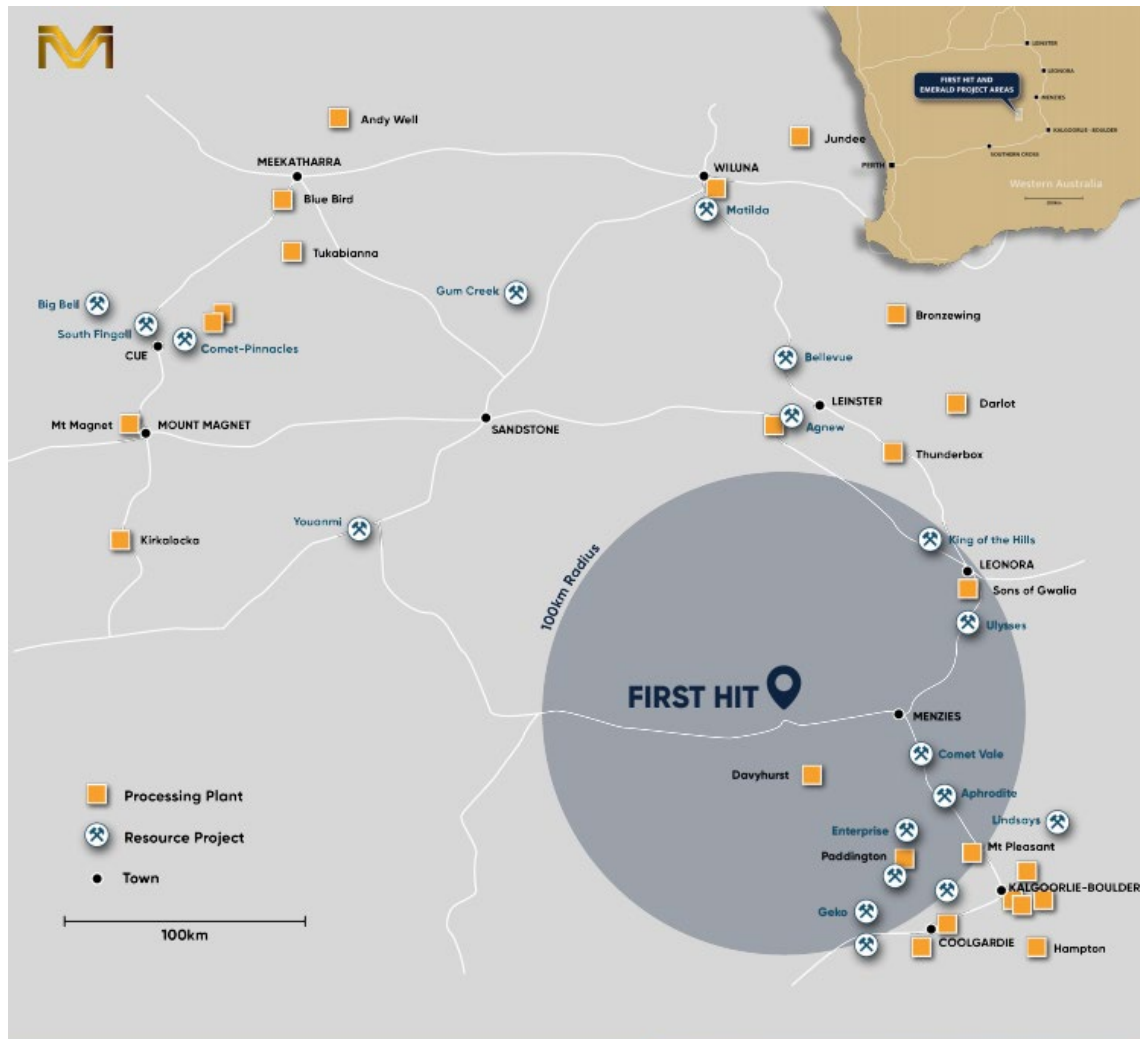


Figure 1: Map showing location of the First Hit project and surrounding projects and processing plants

GHANA

Akoase Gold Project (VKA 100% - reducing to 0% upon completion of sale)

In June 2015 the Company executed a sale contract for the Akoase Gold Project for an overall transaction value of USD\$10 million, of which USD\$8 million was to be paid in cash.

Viking has previously been paid USD\$5 million in sales proceeds. The remaining USD\$3 million was due by 31 December 2017 with a grace period until 31 January 2018. At the date of this announcement, the USD\$3 million has not been received by the Company.

Current Akoase sale proceeds summary:

- USD\$5 million – paid to date;
- USD\$3 million – this amount was due to be paid by 31 December 2017. At the date of this announcement, the USD\$3 million has not been received by the Company; and
- a further USD\$2 million via royalties from production.



As announced to the market on 22 October 2018, the Company's lawyers in Ghana have filed and served proceedings against Akoase Resources Limited, BXC Company Ghana Limited and Cheng Yi. Since that time, the matter has been proceeding through the court process in the High Court (Commercial Division) in Ghana.

Further to the most recent update announced on 25 November 2020, the matter has been adjourned to 23 February 2021 for a case management conference.

The Company will provide further information in relation to this matter as the proceedings progress.

Tumentu Gold Project (VKA 100%)

No on ground activity has taken place in the last quarter.

Butre Gold Project (VKA 100%)

No activity has taken place in the last quarter.

MONGOLIA

Berkh Uul Coal Project (VKA 100%)

No on ground activity has taken place in the last quarter.

As previously advised, the Company commenced action against the Mineral Resources and Petroleum Authority of Mongolia in this regard (MRPAM). During the quarter, the Company received the written decision from the judge of the First Instance Administrative Court. The Court resolved to invalidate the response of MRPAM which refused to resolve the compensation request of the Company and uphold certain parts of the Company's claim seeking compensation. MRPAM have appealed this decision and the matter will be heard in the Appellate Court.

The Company will update the market appropriately as the matter progresses.

Khonkhor Zag Coal Project (VKA 100%)

No on ground activity has taken place in the last quarter.



CORPORATE

Capital Raising

Viking completed a Placement to sophisticated and professional investors, raising \$750,000 at \$0.01c per fully paid ordinary share. This raising provided working capital to progress the Red Dirt Mining projects. The shares were issued in two tranches: Tranche 1 was issued on 7 December 2020, Tranche 2 will be issued on or around 1 February 2021 after being approved at the extraordinary general meeting held post quarter end on 29 January 2021.

Following the announcement of a placement on 26 November 2020, a Rights Issue Offer Booklet was dispatched to Shareholders on 7 December 2020 providing the opportunity to participate in a 1 for 4 (1 new Offer Share for every 4 existing Shares), non-renounceable pro rata entitlement offer, allowing Shareholders to subscribe for Offer Shares at the Issue Price of \$0.01c per fully paid ordinary share (Entitlement Offer). Following the completion of the Entitlement Offer, including the shortfall, the Company raised a total of \$784,294.64 (before costs) via the issue of 78,429,464 Shares.

Financial Statement

The Company has a strong cash position of \$2.361 million as at 31 December 2020.

As set out in section 6 of the attached Appendix 5B, the Company made payments to related parties of the entity of \$75,000 in the quarter ending 31 December 2020. This amount was made up of Director fees for the relevant period.

The Company advises that in accordance with the requirements of ASX Listing Rule 5.3, the Company's expenditure on exploration and evaluation activities for the quarter predominantly related to:

- consulting fees for the Ghanaian and Mongolian projects;
- tenement administration and management costs for the Ghanaian and Mongolian projects; and
- corporate administration costs for the for the Ghanaian projects.

Other than the matters set out above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Ray Whitten
Executive Chairman

The provision of this announcement to ASX has been authorised by the board of directors of the Company.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VIKING MINES LIMITED

ABN

38 126 200 280

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(9)	(19)
(b) development		
(c) production		
(d) staff costs	(74)	(149)
(e) administration and corporate costs	(108)	(158)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	11	49
1.8 Other (provide details if material) <i>Expenses relating to Red Dirt Mining Pty Ltd acquisition</i>	(121)	(121)
1.9 Net cash from / (used in) operating activities	(301)	(398)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(19)	(30)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(19)	(30)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,505	1,505
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,505	1,505

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,244	1,417
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(301)	(398)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(30)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,505	1,505

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(68)	(133)
4.6	Cash and cash equivalents at end of period	2,361	2,361

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	856	1,244
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) <i>Trust Account</i>	1,505	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,361	1,244

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	75
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(301)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(19)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(320)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,361
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,361
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	7
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: n/a	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: n/a	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **29 January 2021**

Authorised by: **By the board**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.