



Acquisition of Highly Prospective Cobalt & Scandium Projects

Highlights:

- **Acquiring four highly-prospective primarily cobalt project areas in NSW and WA by acquiring 100% of Cobalt Prospecting Pty Ltd, which is timely given growing global demand for new cobalt supply chains from stable jurisdictions like Australia**
- **The two NSW tenements, Husky and Malamute, are 150km west of Dubbo and very near tenure owned by Clean Teq (ASX: CLQ) and Australian Mines (ASX AUZ) which have demonstrable high-grade cobalt and scandium mineralisation**
- **Specifically, with the Husky tenure contiguous to AUZ's ground and within 5km of CLQ's project, there is considerable exploration upside for high-grade cobalt and scandium mineralisation across these assets**
- **The two WA project areas (yet to be granted), Peperill Hill and Galah Well, are circa 100km west of Leonora in an area with proven cobalt mineralisation**
- **Notably, legacy assay results show 2,430ppm Co within the Galah Well tenure and 7,290ppm Co just outside of the Peperill Hill tenure**
- **Opportunistic acquisition into a sector in Australia which is on an upswing whilst providing geographic diversity from the tin exploration activities in Bolivia**

Victory Mines Limited (ASX:VIC) (**VIC** or **the Company**) is delighted to announce it has 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 key terms of the Acquisition are detailed in Appendix A to this announcement.

CPPL's shareholders are not associated with VIC or its existing Directors.

Furthermore, the ASX has confirmed the Acquisition will not constitute a change in the nature and scale of VIC's activities. As such, VIC does not need to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a condition to the Acquisition.

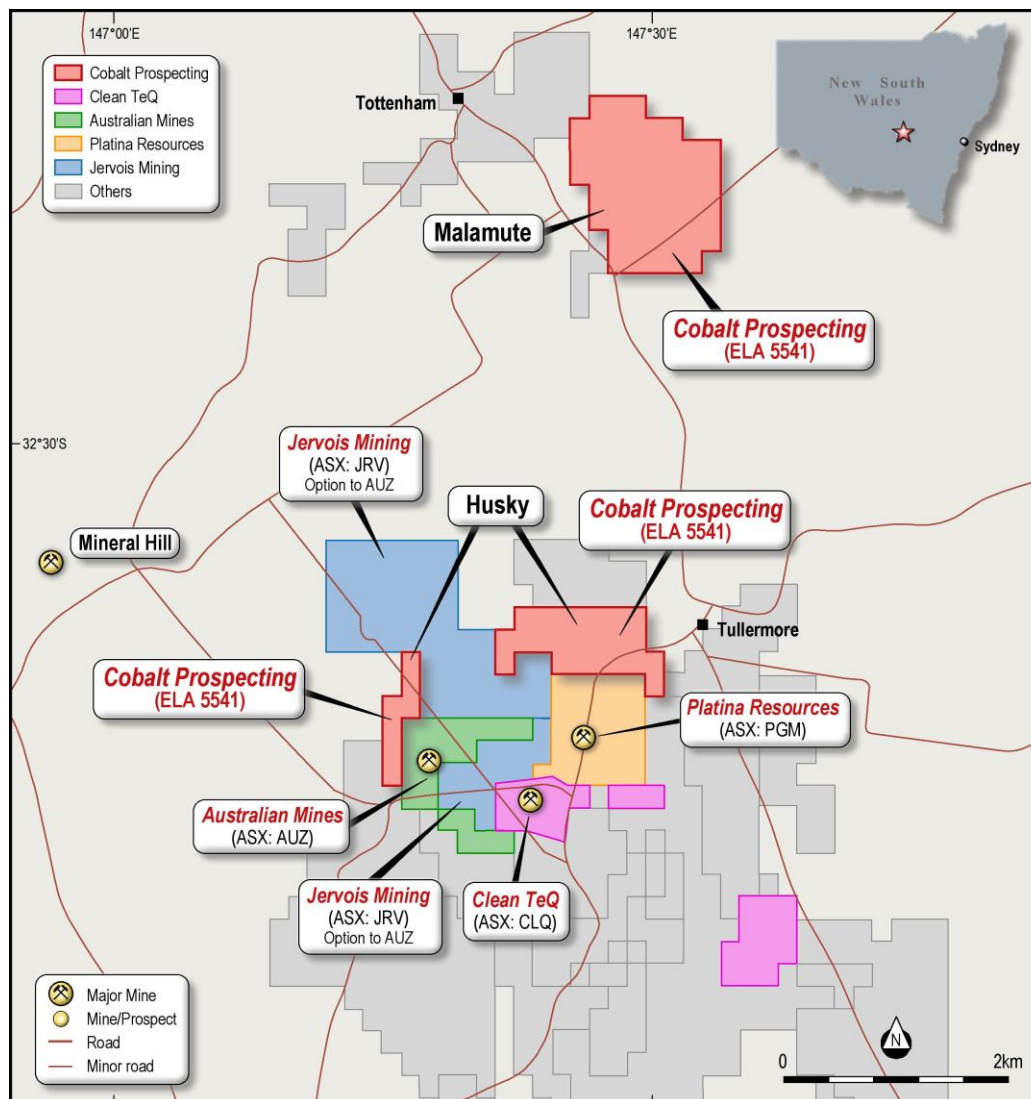
COBALT PROSPECTING OVERVIEW

CPPL was established with the principal objective of securing mineral tenements in NSW and WA to explore and develop primarily cobalt (and secondly scandium) producing assets. Currently, CPPL has 17 shareholders. The shares and options proposed to be issued to CPPL shareholders as consideration for the Acquisition (including the Option Fee) will account for circa 31.5% of the expanded issued capital of VIC.

A] NSW tenements

As can be seen in the map below (Figure 1), the two NSW tenements – Malamute (EL 8667) and Husky (EL 8666) – cover 244 hectares and located circa 150km west of Dubbo. They are near tenure owned by high profile listed groups (CLQ and AUZ) with demonstrable high-grade cobalt and scandium mineralisation. Notably, the Husky tenement is contiguous AUZ and Platina Resources (ASX: PGM), whilst it is within a 5km radius of CLQ's high profile project.

FIGURE 1: CPPL'S NSW TENEMENTS RELATIVE TO HIGH PROFILE PEERS



More broadly, the region where the Husky and Malamute tenements are located is shaping up as a stable and viable global supply chain hub for cobalt and increasingly scandium, as it hosts enriched mineralisation systems. Researching the websites of CPPL's peer group highlights that

all have defined JORC compliant resources for cobalt and/or scandium (Figure 2). This implies considerable exploration upside for CPPL’s tenements given their close proximity.

FIGURE 2: PEERS DEMONSTRABLE COBALT / SCANDIUM TOTAL RESOURCE

Corporate (Code)	Total Resource	Website
Clean Teq (CLQ)	101Mt @ 0.11% Co (0.06% Co cut off); 45.7Mt @ 420ppm Sc (300ppm Sc cut off)	http://www.cleanteq.com/
Australian Mines (AUZ)	2.7Mt @ 1,015 ppm Co (300ppm Co cut off); 1.8Mt @ 433ppm Sc (300ppm Sc cut off)	https://australianmines.com.au/
Platina (PGM)	17.6 Mt @ 0.12% Co (0.08% Co cut off); 33.7Mt @ 395ppm Sc (300ppm Sc cut off)	http://www.platinaresources.com.au/
Scandium Int’l (SCY on TSE)	16.9Mt @ 235ppm Sc	http://www.scandiummining.com/

Source: CLQ – ASX Announcement dated the 9th of October 2017;
 AUZ – ASX Announcement dated the 31st of October 2017;
 PGM – ASX Announcement dated the 9th of August 2017; and
 SCY – NI 43-101 dated the 15th of April 2016, available via www.sedar.com under Scandium International Mining Corporation.

Other key positives about the location of the tenements can be summarised as follows:

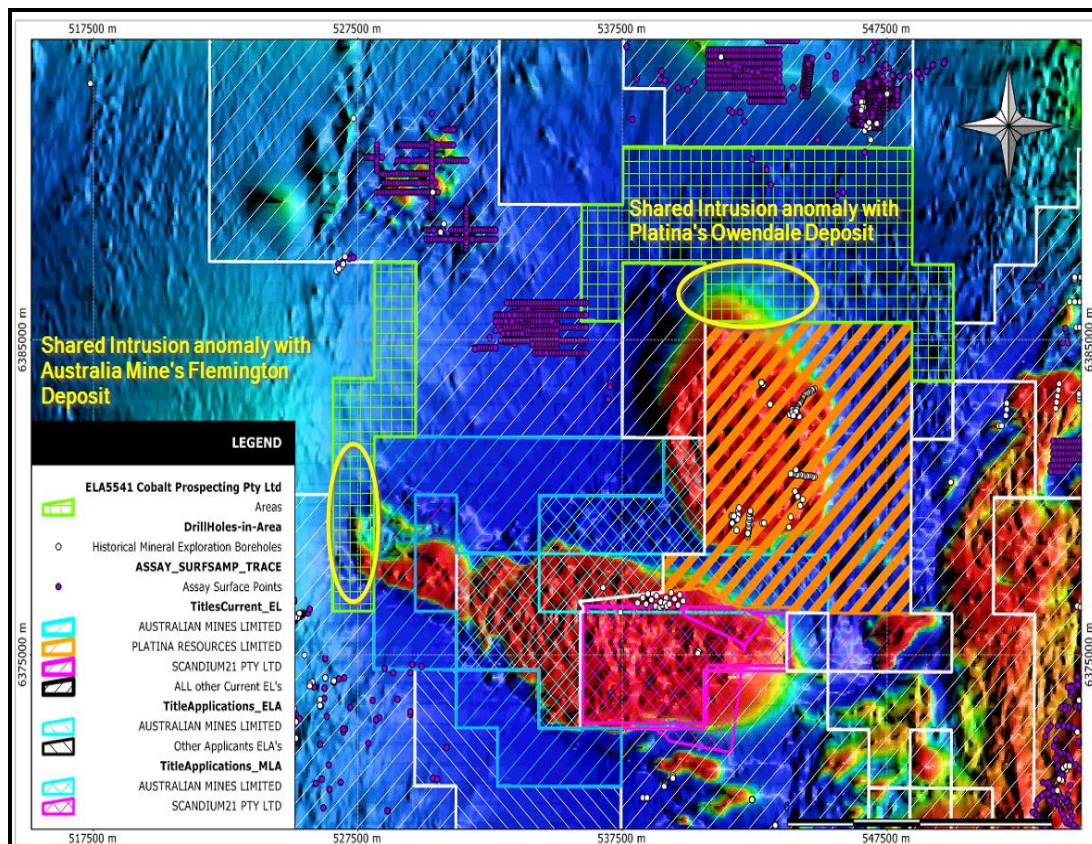
- There is ready accessible infrastructure as the tenements are within close proximity to main roads, grid power lines and modern towns/cities (for labour supply, support services and equipment);
- There is a clear path to market via utilising third party processors then main roads and rail network to access the port of Sydney to ship concentrate to key export markets;
- Many people living in the surrounding areas support the mining industry and have necessary skills to enable a new project to progress rapidly which reduces training and mining camp accommodation costs; and
- As there are no major population centres close to the tenements, the regulatory process to progress to production should be straight forward.

Husky tenement: favourable geology

With reference to Figure 3, 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 is hosted in a magnetic anomaly and results from a recent drilling program doubled cobalt and tripled scandium mineralisation footprints. 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 3: GEOLOGICAL OVERVIEW OF HUSKY TENEMENT



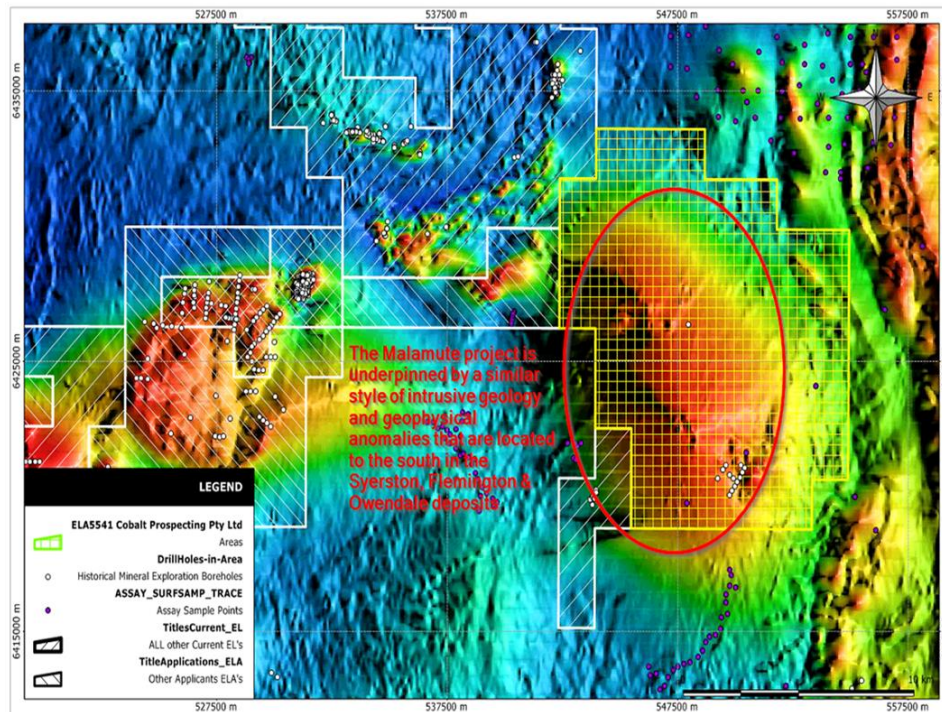
Source: NSW Government Division of Resources and Energy of the Department of Environment and Planning

Malamute: positive geological traits

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. The key difference to CLQ, AUZ and PGM's deposits is the intrusive body underlying the Malamute prospect is entirely within its boundaries.

Notably, there is a single prospect containing an area of 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 4: GEOLOGICAL OVERVIEW OF MALAMUTE TENEMENT



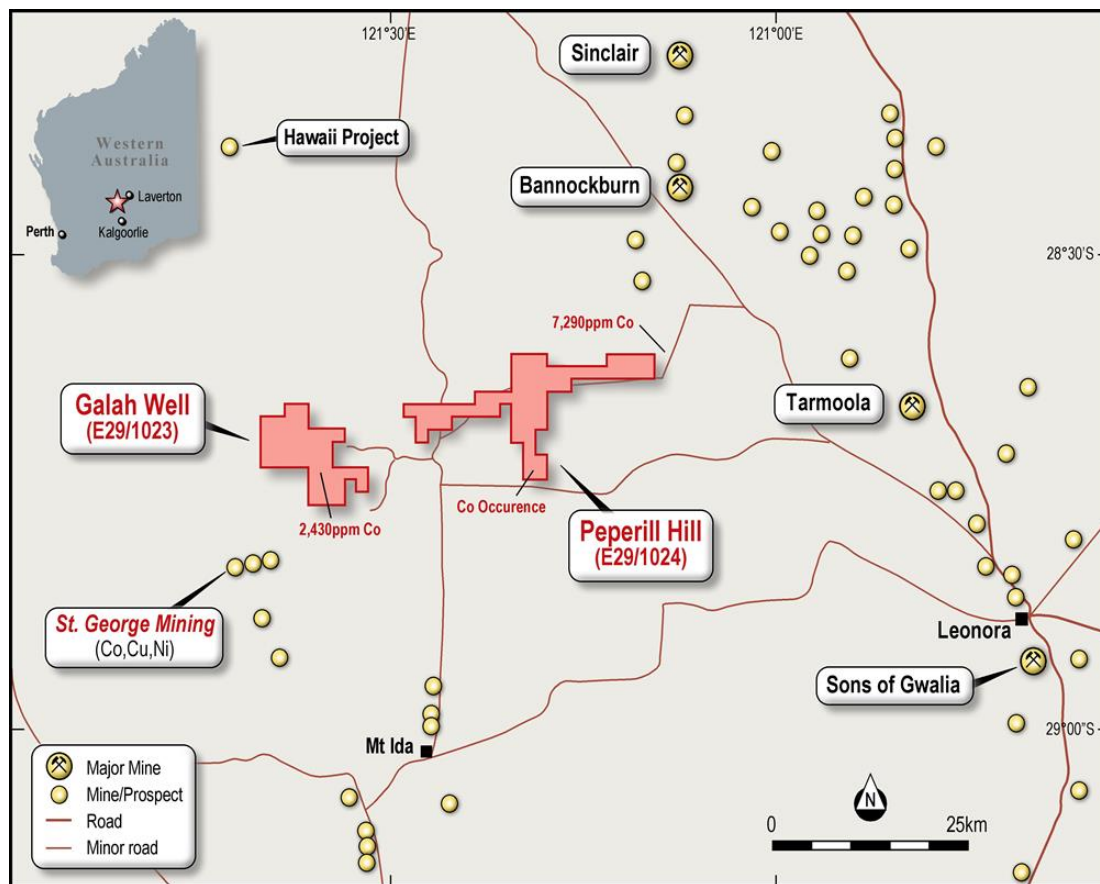
Source: NSW Government Division of Resources and Energy of the Department of Environment and Planning

B] WA project areas (not granted)

The applications in WA – Peperill Hill (ELA 29/1024) and Galah Well (ELA ELA29/1023) – cover 244 hectares and located circa 100km west of Leonora in a highly prospective area for cobalt mineralisation.

As can be seen in the map (Figure 5), legacy assay results show 2,430ppm Co within the Galah Well tenure and 7,290ppm cobalt just outside. Further, the area is proven for sulphide-hosted cobalt mineralisation, as results from St George Mining's (SGQ) 2016 drill program at Mt Alexander project were up to 2,200ppm cobalt (Refer SGQ's ASX Announcement dated 14 March 2017).

FIGURE 5: CPPL'S WA PROJECT AREAS



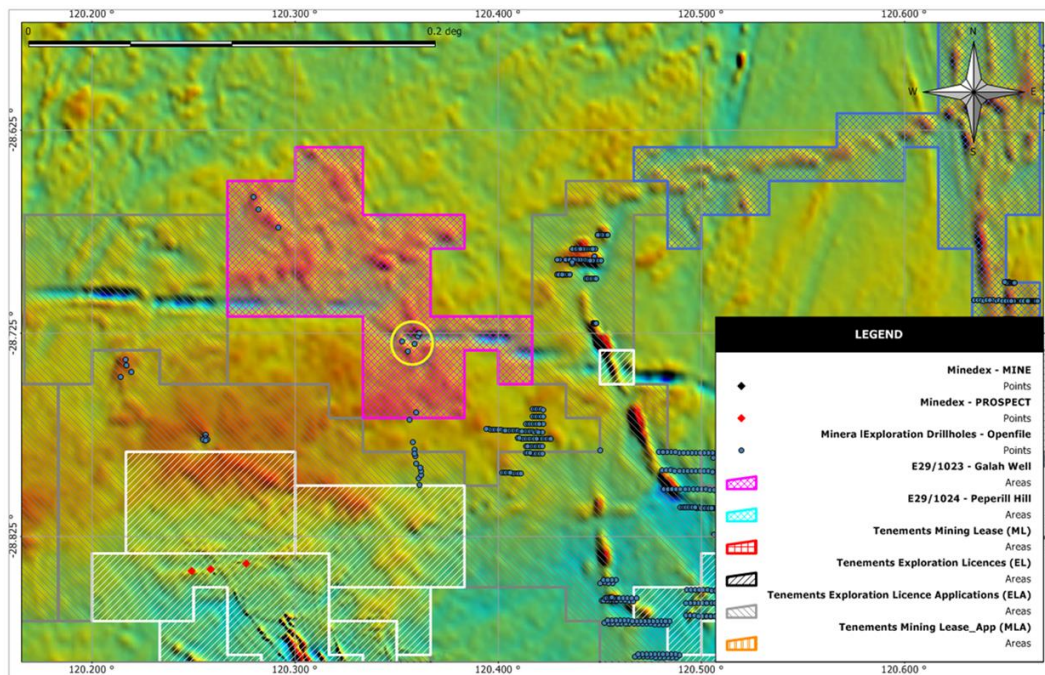
There are several positive points which are common place for project areas in WA including:

- The rural population is negligible outside regional towns / cities – generally, this makes it straight forward to progress an exploration project through to production relatively quickly as few, if any, people are displaced;
- There are no population centres near the two project areas, other than Leonora which is circa 100km away;
- Solid infrastructure is readily accessible as the project areas are within close proximity to main roads and power lines;
- Leonora is close enough to supply labour and supporting services / equipment; and
- There are several third-party processors within range of the project areas, while main roads and rail network to the port of Esperance on the southern coast is the fastest route to market.

Galah Well: significant cobalt anomaly

Within the Galah Well project areas, there is a significant cobalt assay anomaly in an historic open file borehole: total depth 2m, sampled interval 0-2m, result 2,430ppm Co (yellow circle). Notably, the anomalous drill hole is located on a geophysical magnetic anomaly which strikes across the entire project area.

FIGURE 6: GEOLOGICAL OVERVIEW OF GALAH WELL TENURE



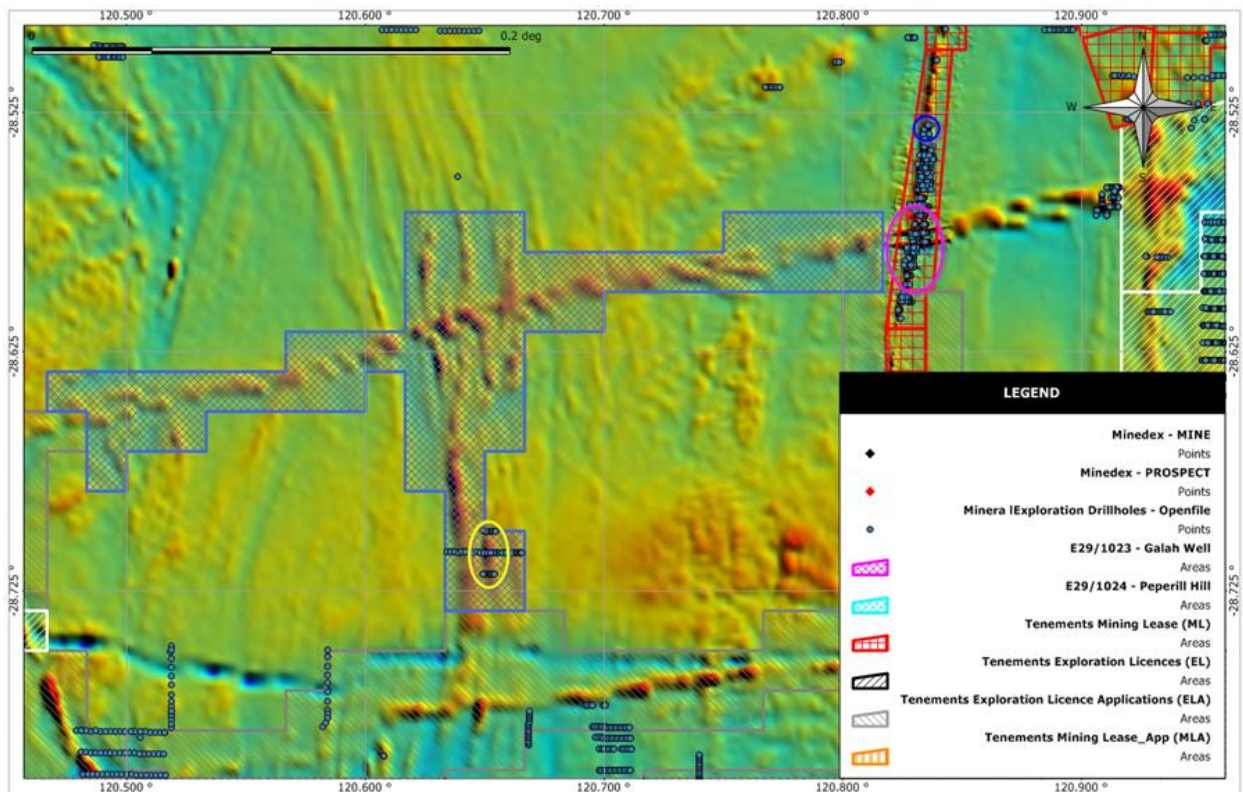
Source: Western Australia Minerals Exploration Reports

Peperill Hill: near 7,290ppm Co hit

As can be seen in Figure 7, just to the east of the project area an historic open file borehole had an exceptional assay result of 7,290ppm @ 34-36m (blue circle). Further to the south (pink circle), historic open file borehole drilling shows strong evidence of cobalt mineralisation adjacent to Peperill Hill. The highest assay value sampled interval 4-6m delivered 3,120ppm Co.

Within the tenure, there are three historical open file vertical boreholes that contain >6m plus intervals of up to 275ppm Co. In addition, there is a 16m interval with an average of 216ppm Co (yellow circle).

FIGURE 7: GEOLOGICAL OVERVIEW OF PEPPERILL HILL TENURE



Source: Western Australia Minerals Exploration Reports

CONSIDERATION

In consideration for the Acquisition, at settlement VIC will:

- a) issue 357,142,857 fully paid ordinary shares in the capital of VIC, at a deemed issue price of \$0.007 per VIC share;
- b) issue 142,857,143 performance shares that each convert into one VIC share upon the announcement to ASX by VIC that intersections of a minimum of 600ppm cobalt or 200ppm scandium mineralization have been achieved from a drilling program on the tenements within three years of settlement;
- c) issue 178,571,428 options to acquire VIC shares with an exercise price of \$0.02 and expiry date 28 December 2020, being VIC's quoted option class ASX:VICOA;
- d) grant a 2% net smelter return royalty with respect to all minerals produced and sold from the four project areas; and
- e) pay \$200,000, which will be applied to cover costs incurred establishing and maintaining the four project areas,

to the vendors (in proportion to their outright ownership of the issued capital of CPPL).

CAPITAL RAISING

With the execution of this Agreement, VIC agrees to proceed with a placement of 300,000,000 VIC shares at an issue price of \$0.007, together with a one-for-two attaching listed option to third parties, to raise circa \$2.1m (pre-costs). The capital raising will be managed by VIC's lead broker, EverBlu Capital.

If permitted by the ASX, the capital raising will be completed in two tranches, detailed as follows:

- **Tranche 1:** 45,754,995 VIC shares immediately from VIC's existing placement capacity in accordance with ASX Listing Rule 7.1; and the balance
- **Tranche 2:** 254,245,005 VIC shares after obtaining shareholder approval in accordance with ASX Listing Rule 7.1 at the AGM (to be held 29 November 2017).
- **Attaching listed options:** 150,000,000 to be issued subject to shareholder approval in accordance with ASX Listing Rule 7.1 at the AGM (to be held 29 November 2017).

An addendum to the Notice of AGM seeking shareholder approval for the Tranche 2 Shares and attaching Options is intended to be sent to VIC shareholders as soon as practicable.

PROFORMA CAPITAL STRUCTURE

The indicative capital structure of VIC, post the Acquisition, is shown below:

Structure	VIC Shares	VIC Options*
Existing Shares and Options	433,656,247	217,859,157
Option Fee	14,285,714	14,285,714
Consideration Shares and Options – Initial Consideration Securities to Cobalt Prospecting Shareholders	357,142,857	178,571,428
Placement	300,000,000	150,000,000
Securities to be issued subject to approval at the AGM	94,760,000	30,000,000**
SUB-TOTAL	1,199,844,818	590,716,299
Deferred Consideration – Performance Shares to Cobalt Prospecting Shareholders converting into Shares on a 1:1 basis and Options on a 1:2 basis on satisfaction of the milestone	142,857,143	71,428,571
TOTAL	1,342,701,961	662,144,870

* This refers to the VIC quoted options only exercisable at \$0.02 each on or before 28 December 2020. In addition, VIC has on issue 46,668 unquoted options exercisable at \$0.45 each on or before 30 November 2018 and 600,000 unquoted options exercisable at \$0.05 each on or before 25 November 2019.

** VIC will also issue 1,100,000 options exercisable at \$0.05 each on or before 27 November 2020 subject to shareholder approval at the AGM.

INDICATIVE TIMETABLE

The indicative timetable – which VIC may amend – for the Acquisition to complete is detailed below:

Event	Date
Announcement of Acquisition	14 November 2017
Completion of Tranche 1 Placement	17 November 2017
AGM (approval for Tranche 2 Placement and attaching Options)	29 November 2017
Completion of Tranche 2 Placement and attaching Options	8 December 2017
General meeting to approve the issue of the Consideration Securities	December 2017
Completion of Acquisition	December 2017

For further information, please contact:

Investors:
Liz Hunt
Company Secretary
+61 8 9481 0389

ABOUT VICTORY MINES:

Disclaimer and Competent Person Statement

COMPETENT PERSON'S STATEMENT:

The information in this report that relates to Historical Exploration Results, Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves 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.

APPENDIX A: KEY TERMS OF PROPOSED ACQUISITION

VIC and CPPL have entered into a binding agreement, with the following summarised key terms:

CONDITIONS PRECEDENT

Settlement of the Acquisition is conditional upon the satisfaction (or waiver by VIC) of the following conditions precedent:

- (a) the parties receiving by 31 December 2017 all necessary consents and approvals (including VIC shareholder and regulatory approvals) as are required in connection with the Acquisition, including for the avoidance of doubt the ASX confirming to VIC that it will not exercise its discretion to apply Listing Rule 11.1.3 in relation to VIC and the Acquisition; and
- (b) VIC having notified the shareholders within 30 days after the execution date that the results of its due diligence on the business and tenements are satisfactory (at the sole discretion of VIC).

If the conditions set out above are not satisfied (or waived by VIC) on or before 5.00pm (Perth time) on the relevant date stated above for so doing, or any other date agreed between the parties, any party may terminate the Agreement by notice in writing to the other parties, in which case, the Agreement constituted by the Agreement will be at an end and the parties will be released from their obligations.

The parties will use their best efforts to ensure the conditions precedent are satisfied as soon as possible.

VIC will prepare in accordance with the Corporations Act 2001 (Cth) and ASX Listing Rules the necessary documents and waivers for the purpose of obtaining the approvals referred to in this clause above. The parties will cooperate and consult with each other in the preparation of those documents.

CONSIDERATION

In consideration for the Acquisition, VIC will issue on execution 14,285,714 Shares and 14,285,714 Options to the CPPL shareholders (or their nominees) (Option Fee), and at settlement, issue to the CPPL shareholders (or their nominees):

- (a) 357,142,857 fully paid ordinary shares in the capital of VIC (initial consideration shares), at a deemed issue price of \$0.007 per VIC share;
- (b) 142,857,143 performance shares that each convert into one VIC share upon the announcement to ASX by VIC that intersections of a minimum of 600ppm cobalt or 200ppm scandium mineralization have been achieved from a drilling program on the tenements within three years of settlement (with the parties acknowledging the milestone may need to change to accommodate any ASX requirements); and
- (c) 178,571,428 options to acquire VIC shares with an exercise price of \$0.02 and expiry date 28 December 2020, being VIC's quoted option class ASX:VICOA.

The consideration will be apportioned amongst the shareholders in accordance with their respective proportions.

In addition to the above, at settlement (as defined below), VIC agrees to:

- (d) reimburse the shareholders for expenditure spent on the tenements in the amount of \$200,000, which amount will be paid to CPPL to be applied at first instance as against any outstanding debts it has to third parties as regards previous work done in connection with the tenements; and
- (e) grant to the shareholders a 2% net smelter return royalty with respect to all minerals produced and sold from the area the subject of the tenements (or any successor or replacement tenements to the tenements).

WARRANTIES

The parties have both provided warranties that are customary to a transaction of this nature.

EXCLUSIVITY

During the term of the Agreement, neither party to the Acquisition will enter into negotiations or take action to enter into certain transactions with alternative potential purchasers.

MAINTAINING THE STATUS QUO

During the exclusivity period, the parties agree not to enter into any material contract or incur any material liability; declare any dividends; or vary its capital structure without the prior written consent of the other party.

Otherwise, the Agreement contains clauses typical for binding agreements of this nature.

ASX ANNOUNCEMENT

14 November 2017



1. JORC CODE, 2012 EDITION – TABLE 1 REPORT TEMPLATE

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none">• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>• <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	<ul style="list-style-type: none">• Galah Well Exploration Licence Application E 29/1023 - The Historical Hawaii Project samples from historical tenement E 29/769 and E 29/768 were assayed at Ultra Trace Laboratories of Canning Vale in Perth. The sample preparation protocol used by Ultra Trace included:<ul style="list-style-type: none">○ samples sorted and dried to 1 OS'C;○ primary jaw crush of total sample by jaques crush (to -10mm);○ followed by boyd crush (to -3mm);○ splitting of samples if > 2.4kg (via riffle split);○ pulverising the entire sample using LMS ring mills;○ splitting off a 200g sub-sample (3 x 5 inch packet) and storing the pulverised residue; and○ quartz washes between batches.• Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483, no descriptive sampling and sampling preparation program could be located in the Open file tenure reporting.• Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, no descriptive sampling and sampling

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Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<p>preparation program could be located in the Open file tenure reporting.</p> <ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023 - The eight (8) Historical boreholes the Hawaii Project were drilled as follows: <ul style="list-style-type: none"> ○ E 29/769 five (5) Aircore holes (HWAC38 to HWAC42) on an irregular drill pattern were drilled for a total of 39m; and ○ E 29/768 three Aircore holes (HWAC34, HWAC35, HWAC37) on a irregular hole spacing of 650m along strike were drilled for a total of 36m. • Peperill Hill Exploration Licence Application E 29/1024 – The 57 Historical boreholes from historical tenement E 29/483 were drilled as Air core. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, were orientated to intersect the north-south trend feature at a range of offset orientations.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Sample lengths were recorded for Aircore recovery, there appear to be no recovery issues or a bias for the type of drilling conducted.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023 - The eight (8) Historical Hawaii Project Aircore boreholes: <ul style="list-style-type: none"> ○ All drill holes have been geologically logged using the BHPB Corporate Geological Legend. ○ Logging was undertaken on a HP iPAQ hand-held device using Surpac's old LogMATE logging software. ○ Logging data, comprises lithology intervals and structural

Criteria	JORC Code explanation	Commentary
		<p>information, is subsequently transferred to Nickel West Acquire database.</p> <ul style="list-style-type: none"> • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483, were descriptively logged and percentage lengths recorded. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, were descriptively logged and percentage lengths recorded.
<p>Sub-sampling techniques and sample preparation</p>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023 - The eight (8) Historical Hawaii Project Aircore boreholes: <ul style="list-style-type: none"> ○ the drill crew's collected drill spoil as 2m down hole composites, or 1m if the Aircore ended on an odd meterage value; ○ Sub samples from the 2m interval for dispatch to the analytical laboratory were collected in pre-numbered calico bags; and ○ Remaining drill spoil from the 2m interval was placed directly on the ground in neat rows for geological logging. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483, no descriptive sampling and sampling preparation program could be located in the Open file tenure reporting. However, it appears the reported results follow the format for the Hawaii Project Results of the Parent entity. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, no descriptive sampling and sampling preparation program could be located in the Open file tenure reporting. It is possible that this could have been recorded in an earlier tenement report, as the one that was paired with the historical drilling results of interest consisted of the aggregate tenure reporting for 43 tenements near Leonora in Western Australia.
<p>Quality of assay data</p>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023: All Hawaii Project Historical samples underwent Field magnetic susceptibility

Criteria	JORC Code explanation	Commentary
and laboratory tests	<p><i>partial or total.</i></p> <ul style="list-style-type: none"> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>measurements were taken on samples identified as requiring laboratory analysis using a GOD MPP-EM2S+Probe hand held conductivity and magnetic susceptibility meter.</p> <ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023: All Hawaii Historical samples were submitted to Ultra Trace for analysis of the following elements, referred to in the Historical Exploration Reports as the “Regolith Suite” that appears to have undergone a 4 Acid Digest of a 0.2g sample in 20ml of solution then analysed by ICP/MS: Al2O3_pct, As_ppm, CaO_pct, Co_ppm, Cr_ppm, Cu_ppm, Fe_pct, LOI_pct, MgO_pct, Mn_ppm, Ni_pct, P2O5_pct, S_pct, SiO2_pct, TiO2_pct, Zn_ppm, Au_ppb, Pd_ppb, Pt_ppb, Pb_ppm, Bi_ppm, Se_ppm, Te_ppm, V_ppm, Zr_ppm. • Galah Well Exploration Licence Application E 29/1023: The last Historical sample in each Hawaii Air core were submitted to Ultra Trace for a second analysis of the following elements, referred to in the Historical Exploration Reports as the “Exploration Suite” that appears to have undergone a 4 Acid Digest of a 0.2g sample in 20ml of solution then analysed by ICP/MS: Al2O3_pct, As_ppm, Au_ppb, CaO_pct, Co_ppm, Cu_ppm, MgO_pct, Ni_pct, Pb_ppm, Pd_ppb, Pt_ppb, S_pct, SiO2_pct, TiO2_pct, WT_g, Zn_ppm, BaO_pct, Ce_ppm, Cr2O3_pct, Dy_ppm, Er_ppm, Eu_ppm, Fe2O3_pct, Gd_ppm, Ho_ppm, K2O_pct, La_ppm, LOI_pct, Lu_ppm, MnO_pct, Na2O_pct, Nb_ppm, Nd_ppm, P2O5_pct, Pr_ppm, Rb_ppm, Sm_ppm, Sr_ppm, Tb_ppm, Tm_ppm, V2O5_ppm, Y_ppm, Yb_ppm, ZrO2_pct, Sc_ppm, Th_ppm. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483, no descriptive assay and laboratory testing program could be located in the Open file tenure reporting. However it appears the reported results follow the format for the Hawaii Project Results of the Parent entity. • Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, no descriptive assay and laboratory testing program could be located in the Open file tenure reporting. It is possible that this could have been recorded in an earlier tenement

Criteria	JORC Code explanation	Commentary
		<p>report, as the one that was paired with the historical drilling results of interest consisted of the aggregate tenure reporting for 43 tenements near Leonora in Western Australia.</p>
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • The competent person has recommended the twinning and follow up of anomalous drilling results identified with the WA exploration licence applications. • Data verification, data security, due care and data custody are expected to have followed leading practice at the time of each drilling campaign and in the submission of tenement reports, in the review of the available historical open source information the competent person has encountered no reason to have questioned this assumption.
<p>Location of data points</p>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • The drill hole information for the historical exploration results is sourced from historical open file reports on the Western Australia Mineral Exploration System and https://geoview.dmp.wa.gov.au/GeoViews/?Viewer=GeoVIEW • The competent person considers the level of error associated with the borehole collar survey methods and the historical borehole spacing to be appropriate for the reporting of exploration results and as an indication of mineralization prospectively for the mineral tenements.
<p>Data spacing and distribution</p>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The competent person considers the level of error associated with the borehole collar survey methods and the historical borehole spacing to be appropriate for the reporting of exploration results and as an indication of mineralization prospectively for the mineral tenements. • No mineral resources or reserves have been estimated, the competent person considers the results of further exploration, drilling, sampling, trenching, etc., would be required to establish the geological and grade continuity in the tenements. • Sample compositing has been applied, solely in the Peperill Hill tenement by the Competent Person to show an average weighted grade in selected boreholes that have encountered several metres of mineralization.
<p>Orientation of data in</p>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023: The Historical Hawaii Project aircores from historical tenement E 29/769 and E

Criteria	JORC Code explanation	Commentary
relation to geological structure	<p><i>the deposit type.</i></p> <ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<p>29/768 were drilled on an irregular spacing in order to attempt to intersect aero-magnetic mineralization features. This is appropriate given the exploration investigative nature of the drilling. Sampling of the Aircore was appropriate given the historical exploration purpose of locating nickel sulphides that had a high nickel content.</p> <ul style="list-style-type: none"> Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483 were drilled on lines east-west in order to intersect aero-magnetic mineralization features striking north-south. This is appropriate given the exploration investigative nature of the drilling. Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, were drilled on lines east-west in order to intersect aero-magnetic mineralization features striking north-south. This is appropriate given the exploration investigative nature of the drilling for mining of the deposit.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Sample security, due care and chain of custody are expected to have followed leading practice at the time of each drilling campaign, in the review of the available historical open source information the competent person has encountered no reason to have questioned this assumption.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> Peer review of the collated historical technical information for the granted tenements and the tenement applications have occurred. No formal audits of the collected historical technical information have been completed by an Independent Third party.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests,</i> 	<ul style="list-style-type: none"> The mineral tenements referred to in this announcement are held by Cobalt Prospecting Pty Ltd and are as follows: <ul style="list-style-type: none"> NSW – Malamute Exploration Licence EL 8666 consisting of 50

Criteria	JORC Code explanation	Commentary
tenure status	<p><i>historical sites, wilderness or national park and environmental settings.</i></p> <ul style="list-style-type: none"> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>sub blocks, granted on the 30/Oct/2017, expires on the 30/Oct/2023;</p> <ul style="list-style-type: none"> ○ NSW – Husky Exploration Licence EL 8667 consisting of 30 sub blocks, granted on the 30/Oct/2017, expires on the 30/Oct/2023; ○ WA – Galah Well Exploration Licence Application E 29/1023 consisting of 37 sub blocks, recognized as lodged on the 14/July/2017; and ○ WA – Peperill Hill Exploration Licence Application E 29/1024 consisting of 55 sub blocks, recognized as lodged on the 14/July/2017.
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> ● Galah Well Exploration Licence Application E 29/1023: <ul style="list-style-type: none"> ○ Hawaii Project Historical Tenements E 29/768 & E 29/769 held by BHP Billiton Nickel West Pty Ltd. ● Peperill Hill Exploration Licence Application E 29/1024: <ul style="list-style-type: none"> ○ Historical Tenement E 29/483 held by WMC Resources which became a wholly owned subsidiary of BHP Billiton; and ○ Historical Tenements M 37/1136 and M 37/1137 held by Xstrata Nickel Australasia Pty Ltd.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<p><u>New South Wales</u></p> <ul style="list-style-type: none"> ● The granted tenements in New South Wales are targeted at laterites that contain elevated levels of cobalt and scandium. The laterites are formed from Ordovician and Silurian Alaskan Type Intrusions. ● Husky Exploration Licence EL 8667 is adjacent to Platina Resources (ASX: PGM) and Australian Mines (ASX AUZ) deposits which are similar in geology and metal recoveries for cobalt laterite mineralisation. Interestingly, AUZ's deposit is hosted in a magnetic anomaly and results from a recent drilling program doubled cobalt and tripled scandium mineralisation footprints. 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 Clean Teq's (ASX: CLQ)

Criteria	JORC Code explanation	Commentary
		<p>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.</p> <ul style="list-style-type: none"> • Clean Teq's (ASX: 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. The key difference to CLQ, AUZ and PGM's deposits is the intrusive body underlying the Malamute prospect is entirely within its boundaries. <p><u>Western Australia</u></p> <ul style="list-style-type: none"> • The Western Australia Tenement Applications are in the Eastern Yilgarn at the northern end of a western bifurcation of the Mt Ida Greenstones, bound to the west by the Mt Ida Fault. This fault is interpreted as a possible rift and therefore a favourable setting for endowment of nickel sulphide mineralization. • Previously the exploration completed in the tenement areas did assay cobalt results. To the south of the project are two current prospects referred to as Sultans and Cathedrals, Sultans project is a thick sequence of basalts hosting three main mafic/ultramafic units. The northern extent of the Sultans ultramafic units are truncated by granites with the Hawaii Prospect having been interpreted as primarily granitic. • Recent success at the Cathedrals Prospect intersected high grade nickel sulphide hosted in structural rafts of ultramafic entrained within granite. The nickel sulphide contains significant cobalt intercepts. The Cathedrals Belt is conceptualized to run east-west in the opposite orientation to the north-south nickel sulphide mineralized trends in the region. • The exploration program for the two Western Australian tenement applications is designed for: <ul style="list-style-type: none"> ○ an analogue to the Cathedrals east-west mineralization, on a second structure parallel to the Cathedrals Belt; and ○ focusing on north-south nickel sulphide mineralization trends that

Criteria	JORC Code explanation	Commentary
		<p>have a high cobalt content.</p> <ul style="list-style-type: none"> •
<p>Drill hole Information</p>	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • The information in this section is publicly accessible from Western Australian Mineral Exploration Report (WAMEX) system. As this is information from historical reports accessible as open access data, the following material information is provided: <ul style="list-style-type: none"> ○ WAMEX Report A-Number: 099741 - Hawaii Project The Relevant Historical Tenements are E 29/768 & E 29/769 held by BHP Billiton Nickel West Pty Ltd; ○ WAMEX Report A-Number: 070987 - The Relevant Historical Tenement is E 29/483 held by WMC Resources which became a wholly owned entity of BHP Billiton; and ○ WAMEX Report A-Number: 084135 - The Relevant Historical Tenements are M 37/1136 and M 37/1137 held by Xstrata Nickel Australasia Pty Ltd.
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Unless stated otherwise in the announcement all grades were reported as certified by the laboratory for the sample length as taken in the field. • The Competent Person weighted averaged the results of some boreholes by sample length to present the Historical Exploration Results over a zone of potential mineralization in the south of the Peperill Hill Exploration Licence Application area (E 29/1024). The uncomposited exploration results are available in the “Balanced Reporting” portion of the current Table 1 (Section 2) for reference, materially the previous operators were interested in nickel sulphides, the cobalt associated with nickel sulphides has increased significantly since the cessation of the previous tenure (E 29/483).
<p>Relationship between mineralisation widths and</p>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023 - The Historical Hawaii Project Air cores from historical tenements E 29/769 and E 29/768 were drilled on an irregular spacing in order to attempt to intersect aero-magnetic mineralization features. This is appropriate given the exploration investigative nature of the drilling.

Criteria	JORC Code explanation	Commentary
intercept lengths	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores from historical tenement E 29/483 were drilled on lines east-west in order to intersect aero-magnetic mineralization features striking north-south. This is appropriate given the exploration investigative nature of the drilling. Peperill Hill Exploration Licence Application E 29/1024 – The Historical Air cores and Reverse Circulation holes from historical tenements M 37/1136 and M 37/1137, were drilled on lines east-west in order to intersect aero-magnetic mineralization features striking north-south. This is appropriate given the exploration investigative nature of the drilling for mining of the deposit. For all results the competent person has reported 'down hole length' from the drilling results, as the historical technical information had not been converted into 'true mineralized intersection width'.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> The relevant NSW tenements map figures in the body of the announcement that are relevant to this section are: <ul style="list-style-type: none"> Galah Well Exploration Licence Application E 29/1023 "FIGURE 6: GEOLOGICAL OVERVIEW OF GALAH WELL TENURE"; and Peperill Hill Exploration Licence Application E 29/1024 "FIGURE 7: GEOLOGICAL OVERVIEW OF PEPERILL HILL TENURE". Galah Well Exploration Licence Application E 29/1023 Historical Tenements E 29/769 and E 29/768 and Peperill Hill Exploration Licence Application Historical Tenement E 29/483: <ul style="list-style-type: none"> Sectional views of the drill hole intercepts were not available for the Historical Drilling in the open file reports on the Western Australia Mineral Exploration System and https://geoview.dmp.wa.gov.au/GeoViews/?Viewer=GeoVIEW. It is anticipated that upon completion of the Desktop Review and/or the twinned drilling of the historical drilling sections of the mineralized drilling intersections can be produced for release in future announcements.
Balanced	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades 	<ul style="list-style-type: none"> Galah Well Exploration Licence Application E 29/1023 - Historical

Criteria	JORC Code explanation	Commentary
reporting	<i>and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	<p>Borehole:</p> <ul style="list-style-type: none"> ○ HWAC40, Sampled Interval 0-2m, 2,430ppm Co. ● Peperill Hill Exploration Licence Application E 29/1024 Historical Boreholes on Historical Tenement E 29/483: <ul style="list-style-type: none"> ○ IDAC37: Total Depth 72m, Sampled Interval 66-68m Cobalt Result 455ppm; ○ IDAC89: Total Depth 66m, Sampled Interval 46-48m Cobalt Result 485ppm; ○ IDAC89: Total Depth 66m, Sampled Interval 52-54m Cobalt Result 225ppm; ○ IDAC91: Total Depth 105m, Sampled Interval 66-68m Cobalt Result 280ppm; ○ IDAC91: Total Depth 105m, Sampled Interval 68-70m Cobalt Result 245ppm; ○ IDAC91: Total Depth 105m, Sampled Interval 74-76m Cobalt Result 365ppm; ○ IDAC91: Total Depth 105m, Sampled Interval 76-78m Cobalt Result 200ppm; ○ IDAC91: Total Depth 105m, Sampled Interval 80-82m Cobalt Result 270ppm; and ○ IDAC93: Total Depth 56m, Sampled Interval 44-46m Cobalt Result 240ppm. ● Peperill Hill Exploration Licence Application E 29/1024 Historical Boreholes on Historical Tenements M 37/1136 & M 37/1137: <ul style="list-style-type: none"> ○ SWRC039: Total Depth 105m, Sampled Interval 80-82m Cobalt Result 270ppm; and ○ IDAC93: Total Depth 56m, Sampled Interval 44-46m Cobalt

Criteria	JORC Code explanation	Commentary
		<p>Result 240ppm.</p> <ul style="list-style-type: none"> • The information in this section is publicly accessible from Western Australian Mineral Exploration Report (WAMEX) system. As this is information from historical reports accessible as open access data, the following material information is provided: <ul style="list-style-type: none"> ○ WAMEX Report A-Number: 099741 - Hawaii Project The Relevant Historical Tenements are E 29/768 & E 29/769 held by BHP Billiton Nickel West Pty Ltd; ○ WAMEX Report A-Number: 070987 - The Relevant Historical Tenement is E 29/483 held by WMC Resources which became a wholly owned entity of BHP Billiton; and ○ WAMEX Report A-Number: 084135 - The Relevant Historical Tenements are M 37/1136 and M 37/1137 held by Xstrata Nickel Australasia Pty Ltd.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • Galah Well Exploration Licence Application E 29/1023 - All Hawaii Project Historical samples underwent Field magnetic susceptibility measurements were taken on samples identified as requiring laboratory analysis using a GOD MPP-EM2S+Probe hand held conductivity and magnetic susceptibility meter. • Peperill Hill Exploration Licence Application E 29/1024 Historical Boreholes on Historical Tenement E 29/483 – no further could be located relevant to this section on Table 1. • Peperill Hill Exploration Licence Application E 29/1024 Historical Boreholes on Historical Tenements M 37/1136 & M 37/1137 – no further could be located relevant to this section on Table 1.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • NSW – an exploration work program developed at the time of tenement application aims to focus exploration activities on determining the thickness, lateral continuity and geochemical properties of the laterites that have formed from the Alaskan Type Intrusions. The work program indicated the zones in each tenement to be targeted, it is anticipated that the actual locations of drilling and other exploration activities will be defined once the Desktop Study of

Criteria	JORC Code explanation	Commentary
		<p>the historical and publicly available information is completed.</p> <ul style="list-style-type: none"> • The relevant NSW tenements figures in the body of the announcement that are relevant to this section are: <ul style="list-style-type: none"> ○ Husky Exploration Licence EL 8667 “FIGURE 3: GEOLOGICAL OVERVIEW OF HUSKY TENEMENT”; and ○ Malamute Exploration Licence EL 8666 “FIGURE 4: GEOLOGICAL OVERVIEW OF MALAMUTE TENEMENT”. • WA – an exploration work program developed at the time of tenement application aims to focus exploration activities on twinning prospective mineralized drillholes in each tenement application. It is anticipated that the actual locations of drilling and other exploration activities will be defined once the Desktop Study of the historical and publicly available information is completed. • The relevant WA tenements figures in the body of the announcement that are relevant to this section are: <ul style="list-style-type: none"> ○ Galah Well Exploration Licence Application E 29/1023 “FIGURE 6: GEOLOGICAL OVERVIEW OF GALAH WELL TENURE”; and ○ Peperill Hill Exploration Licence Application E 29/1024 “FIGURE 7: GEOLOGICAL OVERVIEW OF PEPPERILL HILL TENURE”.