



27 September 2018

Ms Penelope Reid  
Adviser, Listings Compliance (Perth)  
ASX Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Ms Reid

**Victory Mines Limited (“VIC”): Queries on the Issues of Securities**

We refer to your letter dated 24 September 2018 and respond to your questions as follows:

**1. Who introduced to VIC the opportunity to acquire 100% of the issued capital in Cobalt Prospecting Pty Ltd (“Cobalt”)?**

Hartleys Limited.

**2. Did EverBlu advise VIC on the acquisition of Cobalt?**

EverBlu did advise VIC in relation to the acquisition of Cobalt.

**3. Please explain the due diligence enquiries VIC undertook before agreeing to acquire Cobalt.**

Prior to entering into the agreement to acquire Cobalt, VIC undertook a review of the technical merits of the Cobalt projects.

The agreement to acquire Cobalt included customary representations and warranties from the Cobalt vendors and also a condition precedent permitting VIC to complete due diligence on Cobalt. As such, VIC did not consider that it was necessary to complete any further due diligence prior to agreeing to acquire Cobalt.

After agreeing to acquire Cobalt, VIC instructed its lawyers to prepare a legal due diligence report with respect to Cobalt, which was issued to VIC in final form on 13 December 2017.

The scope of the legal due diligence report included corporate matters (including the shareholders and directors of Cobalt), title to the tenements, security interests registered against Cobalt and its assets and litigation searches in respect of Cobalt.



- 4. Please provide a copy of the agreement for the acquisition of Cobalt (“Agreement”) – this is not for release to the market.**

Copy of the agreement for the acquisition of Cobalt, amendment letter dated 24 November 2017 and deed of amendment dated 17 January 2018 enclosed (together, the **Agreement**).

- 5. From whom did VIC acquire shares in Cobalt (please specify their names, addresses and the number of shares acquired from them) and what consideration VIC paid or provided to them for the acquisition?**

Refer to “Annexure A”. The addresses have been removed from Annexure as per consultation with the ASX.

- 6. Please explain the reasons for, and circumstances of, the “exclusivity payment” referred to in the Appendix 3B of 15 November 2017.**

Under clause 10 of the Agreement, VIC agreed to make the exclusivity payment to the Cobalt shareholders in consideration for Cobalt shareholders granting exclusivity to Cobalt with respect to their shares in Cobalt. To this end, the Cobalt Shareholders agreed that they would not and would procure that Cobalt did not (without the prior written approval of VIC):

- (a) participate in any negotiations or discussions with, or provide any information to, or accept or enter into any agreement, arrangement or understanding with, any third parties in respect of a transaction that may reduce the likelihood of success of the transactions contemplated by the Cobalt agreement and cease any existing discussions or negotiations regarding such transactions;
- (b) engage with any other third party in connection with the sale of all or any of the issued capital in Cobalt, or any of Cobalt's tenements, business, assets or undertaking; and
- (c) provide any third party with any information regarding Cobalt or its tenements, business, assets or undertakings, other than in the ordinary course of its ordinary business.

- 7. To whom were the 14,285,714 shares and 14,285,714 options for the “exclusivity payment” detailed in the Appendix 3B of 15 November 2017 issued?**

Refer to “Annexure A”. The addresses have been removed from Annexure as per consultation with the ASX.

- 8. To whom were the 45,754,995 shares for the “Placement” detailed in the Appendix 3B of 17 November 2017 issued?**

Refer to “Annexure B” (not for release to the market).



**9. To whom were the following securities, detailed in the Appendix 3B of 30 November 2017, issued?**

**(i) 254,245,005 Fully Paid Ordinary Shares**

Refer to "Annexure C" (not for release to the market).

**(ii) 150,000,000 Quoted Options**

Refer to "Annexure D" (not for release to the market).

**(iii) 26,071,428 Fully Paid Ordinary Shares**

Horatio Street Pty Ltd <Horatio Street Family A/C> - 14,285,714 shares

Mainview Holdings Pty Ltd – 11,785,714 shares

**(iv) 13,035,714 Quoted Options**

Horatio Street Pty Ltd <Horatio Street Family A/C> - 7,142,857 options

Mainview Holdings Pty Ltd – 5,892,857 options

**(v) 40,000,000 Fully Paid Ordinary Shares**

Anglo Menda Pty Ltd – 28,600,000 shares

Edenwood Holdings Pty Ltd – 5,000,000 shares

Nordwand Investments Pty Ltd <T & N Young Family A/C> 6,400,000 shares

**(vi) 30,000,000 Quoted Options**

Anglo Menda Pty Ltd – 20,000,000 shares

Edenwood Holdings Pty Ltd – 5,000,000 shares

Nordwand Investments Pty Ltd <T & N Young Family A/C> 5,000,000 shares

**(vii) 6,000,000 Fully Paid Ordinary Shares**

Benjamin William Jarvis

**(viii) 48,160,000 Fully Paid Ordinary Shares**

Stock Assist Group Pty Ltd – 36,560,000 shares

S3 Consortium Pty Ltd – 11,600,000 shares



- 10. Please confirm that VIC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

VIC confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

- 11. Please confirm that VIC's response to the questions have been authorised and approved by an officer of VIC with delegated authority from the board to respond to ASX on disclosure matters.**

VIC's response to the questions have been authorised and approved by an officer of VIC with delegated authority from the board to respond to ASX on disclosure matters.

For and on behalf of the Board

Aida Tabakovic  
Company Secretary

## Annexure A

Shareholder	Number of Shares in Cobalt Prospecting	Number of Options in Cobalt Prospecting	Exclusivity Shares	Exclusivity Options	Consideration Shares	Performance Shares	Consideration Options	Royalty Interest
Strat Plan Pty Ltd (ACN 606 815 641)	10,011,937	10,011,937	3,497,144	3,497,144	87,428,602	34,971,441	43,714,301	40.82%
BBD Custodians Pty Ltd (ACN 154 804 912)	5,005,969	5,005,969	1,748,571	1,748,571	43,714,276	17,485,710	21,857,138	20.41%
Red Marlin Pty Ltd (ACN 154 804 949)	5,005,969	5,005,969	1,748,571	1,748,571	43,714,276	17,485,710	21,857,138	20.41%
Celtic Capital Pty Ltd (ACN 120 688 262)	2,502,984	2,502,984	874,286	874,286	21,857,150	8,742,860	10,928,575	10.20%
Highwest Capital Pty Ltd (ACN 620 046 399)	600,716	600,716	210,000	210,000	5,250,000	2,100,000	2,625,000	2.44%
JD Squared Investments Pty Ltd (ACN 137 967 483)	816,953	816,953	280,000	280,000	7,000,000	2,800,000	3,500,000	3.27%
Propel Holdings Pty Ltd (ACN 153 174 942)	200,239	200,239	70,000	70,000	1,750,000	700,000	875,000	0.82%

Vassago Pty Ltd (ACN 128 802 166)	400,478	400,478	140,000	140,000	3,500,000	1,400,000	1,750,000	1.63%
Manon Baumeister	1,638,452	1,638,452	571,429	571,429	14,285,725	5,714,290	7,142,863	
SMAC Nominees Pty Ltd (ACN 120 738 963) <The SMAC Investment A/C>	4,505,743	4,505,743	1,572,857	1,572,857	39,321,426	15,728,570	19,660,713	
UBS Nom Pty Ltd (ACN 620 095 383) <UBS A/C>	3,276,904	3,276,904	1,144,286	1,144,286	28,607,151	11,442,860	14,303,575	
Wolf Like Me Pty Ltd (ACN 621 658 875) <Wolf Like Me A/C>	409,613	409,613	142,857	142,857	3,571,425	1,428,570	1,785,713	
Golden Dawn Limited (an entity incorporated in Hong Kong)	1,228,839	1,228,839	428,571	428,571	10,714,275	4,285,710	5,357,138	
Pheakes Pty Ltd (ACN 107 128 629) <Senate A/C>	1,228,839	1,228,839	428,571	428,571	10,714,275	4,285,710	5,357,138	
Papillon Holdings Pty Ltd (ACN 618 236 221) <The	819,226	819,226	285,714	285,714	7,142,850	2,857,140	3,571,425	

VML No 1 A/C>								
Energy Capital Partners Pty Ltd (ACN 159 444 318) <sup>1</sup>	2,457,678	2,457,678	857,143	857,143	21,428,575	8,571,430	10,714,288	
Alitime Nominees Pty Ltd (ACN 158 130 468) <Honeyham Family A/C>	819,226	819,226	285,714	285,714	7,142,850	2,857,140	3,571,425	
<b>Total</b>	<b>40,929,765</b>	<b>40,929,765</b>	<b>14,285,714</b>	<b>14,285,714</b>	<b>357,142,857</b>	<b>142,857,143</b>	<b>178,571,428</b>	<b>100%</b>

Note:

1. Prior to completion of the acquisition of Cobalt, Energy Capital Partners Pty Ltd (ACN 159 444 318) (ECP) elected for the consideration shares, performance shares and consideration options to which it was entitled to be issued to Anglo Menda Pty Ltd. ECP retained its interest in the exclusivity shares and exclusivity options.



24 September 2018

Ms Aida Tabakovic  
Company Secretary  
Victory Mines Limited  
Level 11, 216 St Georges Terrace  
PERTH WA 6000

By email

Dear Ms Tabakovic

**Victory Mines Limited (“VIC”): Queries on the Issues of Securities**

ASX Limited (“ASX”) refers to the following:

- A. VIC’s announcement entitled “Annual report to shareholders” lodged on the ASX Market Announcements Platform (“MAP”) on 29 September 2017 (“2017 Annual Report”). On page 61 of VIC’s 2017 Annual Report, it is stated that:
- a) Adam Blumenthal <9,551,299> holds 2.20% of the fully paid ordinary shares on issue in VIC.
  - b) Code Nominees Pty Ltd <7,400,000> holds 1.71% of the fully paid ordinary shares on issue in VIC.
  - c) Suburban Holdings Pty Ltd <20,861,471> holds 4.81% of the fully paid ordinary shares on issue in VIC.
- B. VIC’s announcement entitled “VIC Acquires Highly Prospective Cobalt & Scandium Projects” lodged on MAP on 14 November 2017, which states:
- “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.” (Page 1)*
- “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.” (Page 9)*
- C. VIC’s announcement entitled “Appendix 3B” lodged on MAP on 15 November 2017, confirming the issue of 14,285,714 Fully Paid Ordinary Shares and 14,285,714 Quoted Options exercisable at \$0.02 on or before 28 December 2020 with the stated purpose of the issue being “Exclusivity payment pursuant to the binding agreement to acquire 100% of the issued capital of Cobalt Prospecting Pty Ltd as announced on 14 November 2017”.
- D. VIC’s announcement entitled “Appendix 3B” lodged on MAP on 17 November 2017, confirming the issue of 45,754,995 Fully Paid Ordinary Shares with the stated purpose of the issue being “Placement”.



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E. VIC's announcement entitled "Appendix 3B" lodged on MAP on 30 November 2017, confirming the issue of:

- "(i) 254,245,005 Fully Paid Ordinary Shares
- (ii) 150,000,000 Listed Options
- (iii) 26,071,428 Fully Paid Ordinary Shares
- (iv) 13,035,714 Listed Options
- (v) 40,000,000 Fully Paid Ordinary Shares
- (vi) 30,000,000 Listed Options
- (vii) 6,000,000 Fully Paid Ordinary Shares
- (viii) 48,160,000 Fully Paid Ordinary Shares"

with the stated purpose of the issue being "(i) Placement, (ii) Options attaching to placement, (iii) Placement, (iv) Options attaching to placement, (v)-(viii) As approved at AGM (resolutions 9, 10, 11 and 12)".

F. VIC's announcement entitled "Half Yearly Reports and Accounts" lodged on MAP on 16 March 2018 giving notice of the directors as at the date of the announcement:

James Ellingford - Non-Executive Chairman

Terence Clee - Executive Director

Elizabeth Hunt - Non-Executive Director / Company Secretary

ASX understands that Elizabeth Hunt resigned as director of VIC on 13 June 2018. VIC announced Mathew Perrot's appointment as a director of VIC on 23 April 2018.

G. VIC's announcement entitled "Cobalt Prospecting Acquisition To Be Finalised" lodged on MAP on 16 March 2018, giving notice that:

*"Victory Mines Limited (ASX: VIC) ("Victory" or "the Company") has received confirmation that NSW ministerial consent for a change in effective control for two highly prospective cobalt and scandium assets (Husky and Malamute) has been granted. As such, the Board will now complete the acquisition of Cobalt Prospecting Pty Ltd (CPPL) which owns the two NSW tenements plus two in WA (refer to ASX Release dated 14 November 2017)."*

H. VIC's announcement entitled "Appendix 3B" lodged on MAP on 19 March 2018, confirming the issue of:

- (i) 357,142,857 Fully Paid Ordinary Shares
- (ii) 178,571,428 Options exercisable at \$0.02 on or before 28 December 2020
- (iii) 142,857,143 Performance Shares

with the stated purpose of the issue being "Consideration for the acquisition of 100% of the issued share capital in Cobalt Prospecting Pty Ltd ('Cobalt') from the current shareholders, which owns four tenements detailed at Section 3".

I. ASX understands that:

- a) Code Nominees Pty Ltd is a broker account controlled by Adam Blumenthal.

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- b) Suburban Holdings Pty Ltd is an entity controlled by Alvin Blumenthal (Adam Blumenthal's father) and Debra Lynn Blumenthal (Adam Blumenthal's mother).
  - c) Australian Share Nominees Pty Ltd <Australasian Holdings A/C> is a broker account controlled by Adam Blumenthal and Darrin Blumenthal (Adam Blumenthal's brother).
  - d) EverBlu Capital Pty Ltd ("EverBlu") is controlled by the Blumenthal family.
  - e) Adam Blumenthal is the chairman of EverBlu.
  - f) Darrin Blumenthal is the managing director of EverBlu.
  - g) Alvin Blumenthal is a wealth adviser at EverBlu.
  - h) James Ellingford is a former director and Terence Clee is a current director of Hardey Resources Limited. Hardy Resources Limited is a client of EverBlu (see Hardey Resources Limited's prospectus lodged on MAP on 18 July 2017).
  - i) James Ellingford and Adam Blumenthal are both directors of Creso Pharma Limited. Creso Pharma Limited is a client of EverBlu (see <http://www.everblucapital.com/case-studies/creso-pharma/>).
  - j) James Ellingford and Terence Clee are both directors of Manalto Limited, as is Tim Wilson, an associate director of EverBlu. Manalto Limited is a client of EverBlu.

#### **ASX queries**

1. Who introduced to VIC the opportunity to acquire 100% of the issued capital in Cobalt Prospecting Pty Ltd ("Cobalt")?
2. Did EverBlu advise VIC on the acquisition of Cobalt?
3. Please explain the due diligence enquiries VIC undertook before agreeing to acquire Cobalt.
4. Please provide a copy of the agreement for the acquisition of Cobalt ("Agreement") – this is not for release to the market.
5. From whom did VIC acquire shares in Cobalt (please specify their names, addresses and the number of shares acquired from them) and what consideration VIC paid or provided to them for the acquisition?
6. Please explain the reasons for, and circumstances of, the "exclusivity payment" referred to in the Appendix 3B of 15 November 2017.
7. To whom were the 14,285,714 shares and 14,285,714 options for the "exclusivity payment" detailed in the Appendix 3B of 15 November 2017 issued?
8. To whom were the 45,754,995 shares for the "Placement" detailed in the Appendix 3B of 17 November 2017 issued?
9. To whom were the following securities, detailed in the Appendix 3B of 30 November 2017, issued?
  - (i) 254,245,005 Fully Paid Ordinary Shares
  - (ii) 150,000,000 Quoted Options
  - (iii) 26,071,428 Fully Paid Ordinary Shares
  - (iv) 13,035,714 Quoted Options
  - (v) 40,000,000 Fully Paid Ordinary Shares
  - (vi) 30,000,000 Quoted Options

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- (vii) 6,000,000 Fully Paid Ordinary Shares
  - (viii) 48,160,000 Fully Paid Ordinary Shares

10. Please confirm that VIC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that VIC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VIC with delegated authority from the board to respond to ASX on disclosure matters.

Once ASX has received and analysed the information above, it is likely to make further enquiries of VIC.

In providing the information above, ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response in relation to the above queries are required as soon as reasonably possible and, in any event, by **not later than 5 pm WST on Thursday 27 September 2018**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent by e-mail to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This will allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Should you have any queries in relation to the above, please let me know.

Yours sincerely

*[Sent electronically, without signature]*

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**Penelope Reid**  
**Adviser, Listings Compliance (Perth)**