

ASX ANNOUNCEMENT

Date: 31 October 2018



September 2018 Quarterly Report

Highlights:

- **Approvals for drilling to commence at the Husky and Malamute Projects received from the NSW regulator**
- **Land Access agreements reached for 14 landholders over the main Husky and Malamute exploration area which will allow for exploration to commence**
- **Aeromagnetic imagery identifies multiple prospective primary mineralised-bearing structures for nickel-copper-cobalt at Galah Well and Peperill Hill Projects**
- **Bonaparte and Laverton desktop geological studies have been completed with exploration direction and recommendations devised**
- **Preliminary discussions underway with a third party to dispose of the Bolivian Tin Project**

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

CORE PROJECTS

Malamute and Husky – New South Wales

During the quarter approvals were received from the NSW mining regulator to undertake drilling at Malamute and Husky Projects. Further work was undertaken by VIC's geology team to refine the drilling program and quotes were received from prospective drilling contractors. The drilling program has been designed for early confirmation of lateritic targets, with stages planned to allow for expansion of the potential deposit and an end goal of producing a JORC (2012) compliant resource (Figures 1, 2 & 3).

The landholder team delivered and negotiated 16 land access and agreement packages which have been received allowing for exploration drilling to commence on the private land. Site visits were made to liaise directly with the landholders to ensure the drilling program will progress smoothly with the full cooperation of the respective property owners.

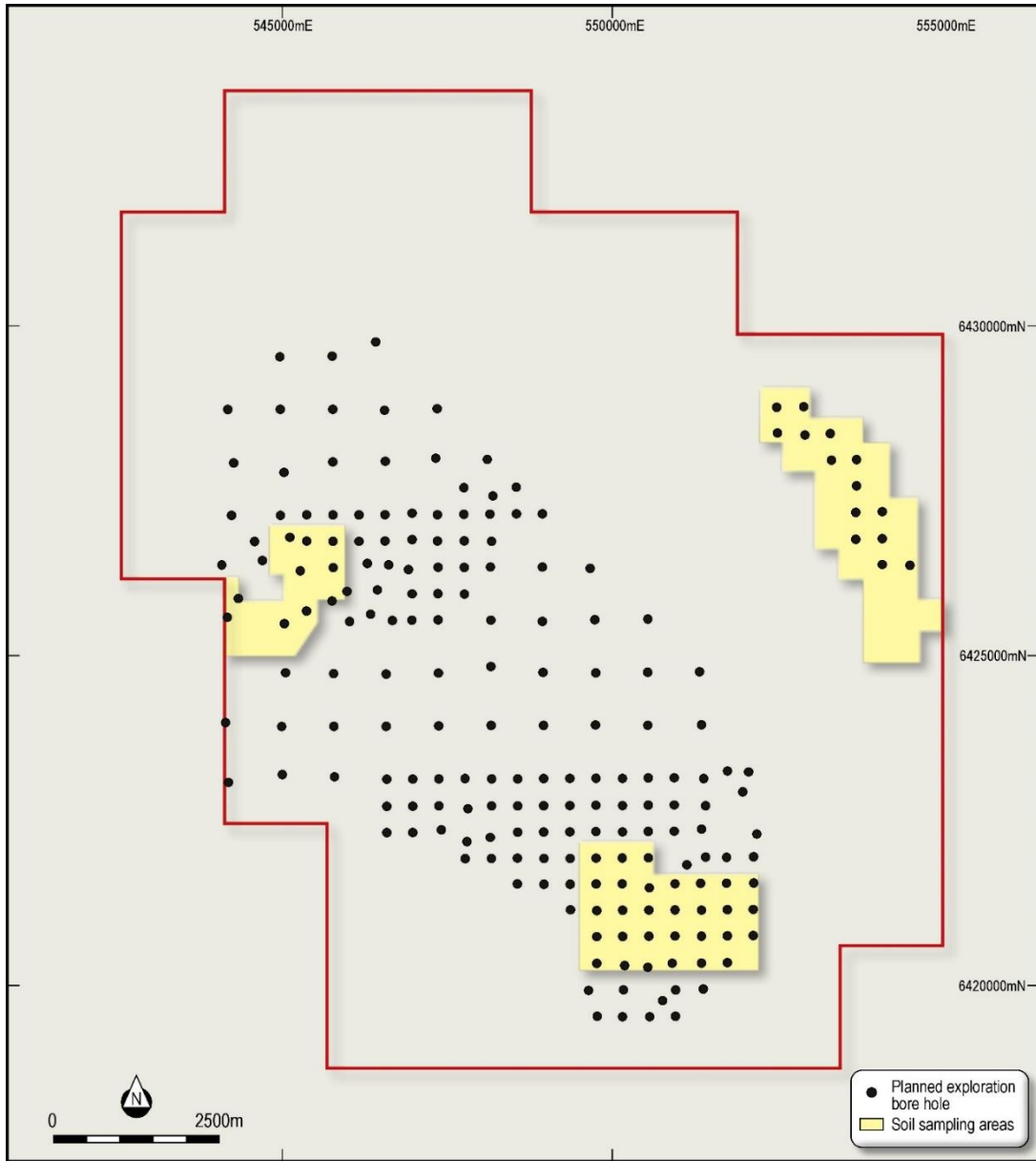
However, due to the delay in securing the required funding, the drilling program did not commence during the review period as planned. The Board is targeting to resolve this during the current quarter, so the drilling program can get underway as planned.

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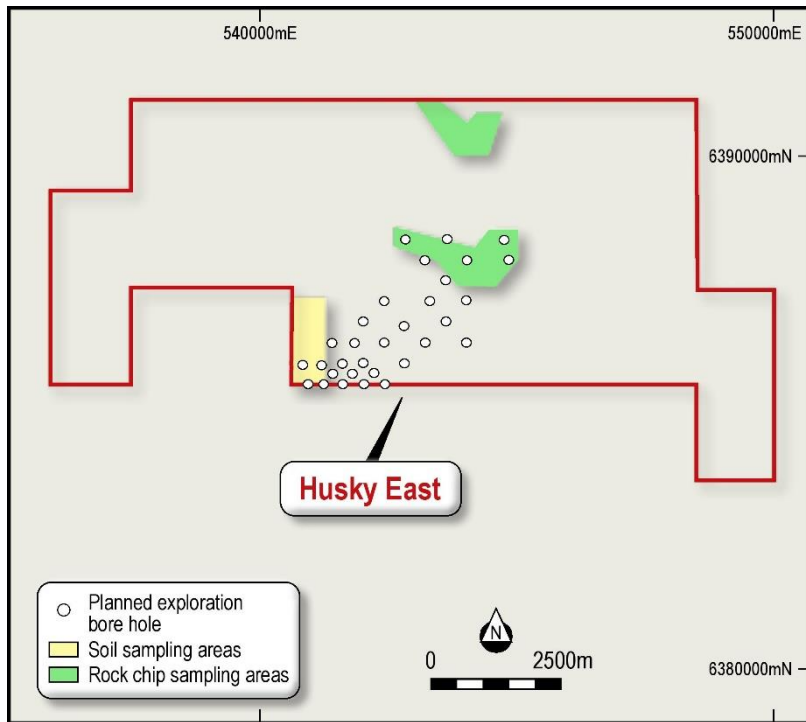
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FIGURE 1: MALAMUTE DRILLING PATTERN



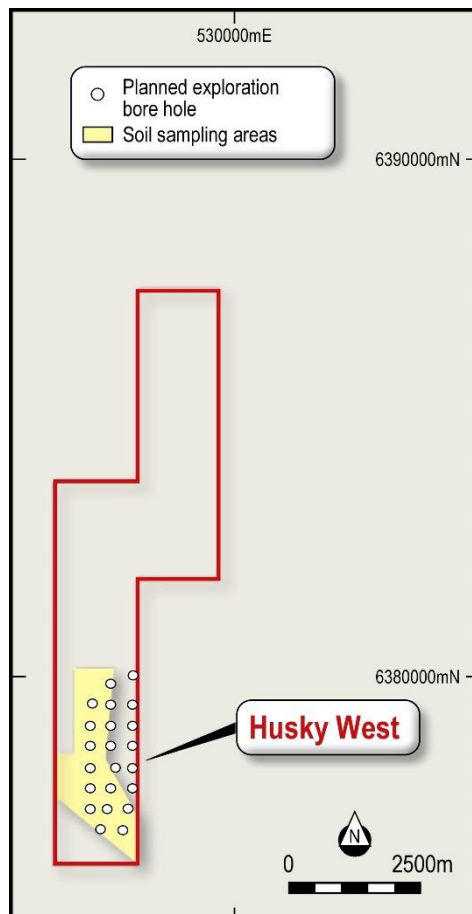
Source: VIC Geology Team

FIGURE 2: HUSKY EAST DRILLING PATTERN



Source: VIC Geology Team

FIGURE 3: HUSKY WEST DRILLING PATTERN



Source: VIC Geology Team

Galah Well and Peperill Hill – Western Australia²

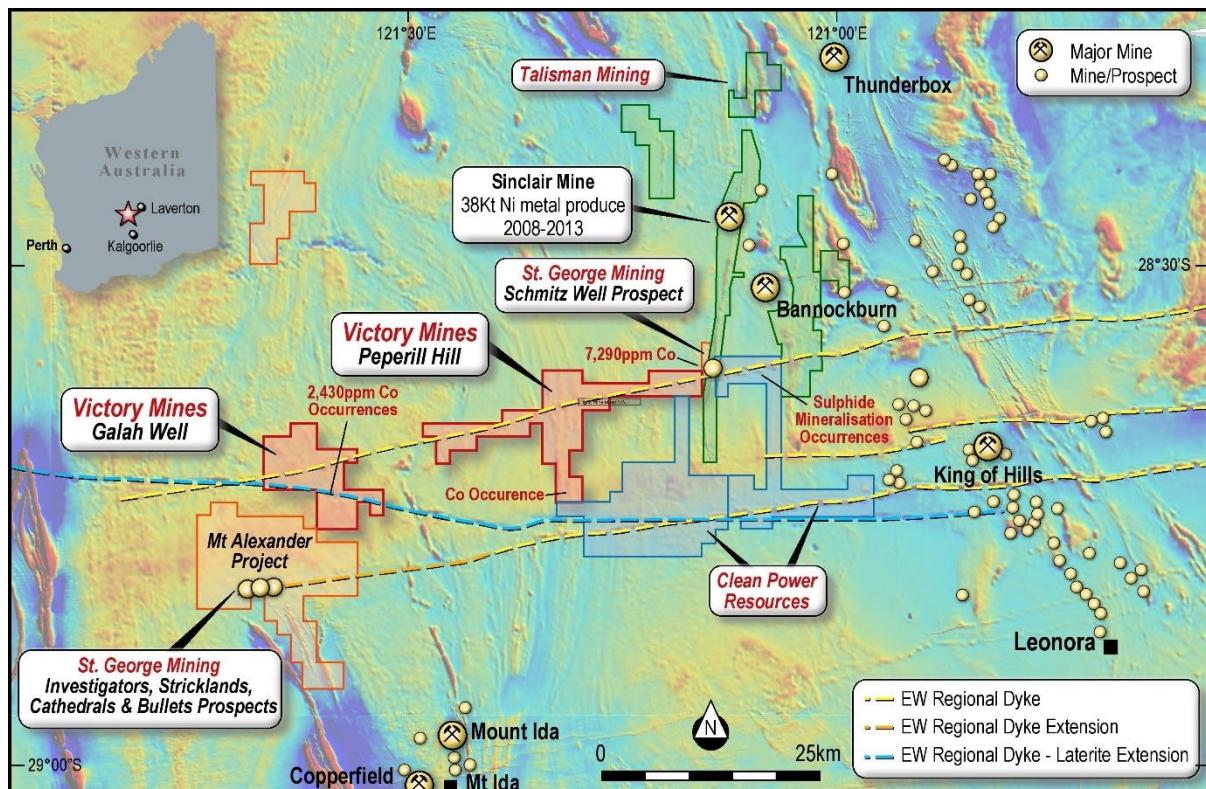
During the review period, the Peperill Hill Project application was granted on 14 July 2018, though this is still pending for the Galah Well.

In addition, a key finding – highlighted by a preliminary desktop study interpretation of aeromagnetic imagery – was the Peperill Hill and Galah Well projects are positioned close to where two (and possibly three) differing mineralised systems intersect. Consequently, this largely explains why the two projects are highly prospective for Co-Ni-Cu mineralisation hosted within sulphide mineralisation and laterites.

As can be readily seen in Figure 4, there is a north-south trending magnetic anomaly that is considered to be a shear zone that connects TLM’s Sinclair Nickel Mine (38kt Ni metal produced 2008-13)¹ with the SGQ Schmitz Well prospect. Further, the Schmitz Well is located on this same system where a significant historical cobalt intercept had occurred: 2m @ 7,290ppm Co from 34m.

The Peperill Hill prospect is interpreted to contain several north-south trending structures which are similar to the one connecting TLM’s and SGQ’s ground, adjacent to the east of Peperill Hill. Moreover, these north-south structures are prospective for cobalt mineralisation, with confirmed occurrences within the Peperill Hill tenement. Historic readings from air-core drilling reported near-surface weathered ultramafic units with elevated Co mineralisation, which confirms the project’s lateritic cobalt potential.

FIGURE 4: INTERPRETED SHEARS AND LATERISED DYKES



Source: Victory Mines geology team

The Galah Well and Peperill Hill projects are located within the Murchison Province of the Yilgarn Craton – a geological province in Western Australia. The region has traditionally been recognised as a greenstone mineral province, with north-south trending shears controlling mineralisation.

However, a series of east-west structures that cut across the terrain are becoming increasingly recognised for their mineralisation potential. Known as Proterozoic dykes of the Widgiemooltha Supersuite, they are prospective for Co-Ni-Cu sulphide mineralisation. A preliminary desktop study detailing historic intercepts in VIC, SGQ and TLM's ground suggests the area is potentially, though yet to be confirmed, a significant polymetallic mineral province.

Galah Well and Peperill Hill are interpreted from aeromagnetic imagery to be intruded by the Widgiemooltha dykes, spanning their entire circa 60km length, and located within this newly claimed mineral province (Figure 4).

St George Mining Limited (ASX: SGQ) is exploring to the south-west of the Galah Well and Peperill projects. Of key interest is mineralisation within the Cathedrals belt Mt Alexander Project (Figure 4) which includes the Cathedrals, Stricklands, Investigators and Bullets prospects (located circa 10km south-west of Galah Well).³

These prospects are aligned in an east-west trending belt along a magnetic anomaly that is interpreted from aeromagnetic data, and likely analogous to the offset east-west trending belt that intersects Galah Well and Peperill Hill (Figure 4).

The Western Australian government mapping system has distinguished between the exposed and concealed dykes within the east-west trending Widgiemooltha Supersuite. The exposed dykes, located near surface, are mafic intrusives and prospective for near-surface cobalt mineralisation (Figure 4).

VIC's Galah Well project previously reported legacy assay results from an open file borehole that had 2m @ 2,430ppm Co from surface. The anomalous drillhole is located on a geophysical magnetic anomaly which strikes approximately east-west across the project area.

The Widgiemooltha dykes were emplaced circa 2400-2420Ma allowing ample time for the laterisation processes. The weathered near-surface features could present a lateritic profile amenable to open-pit, potentially free-dig, mining operations.

Further, the north-south trending shears that host the ultramafic lenses imply lateritic potential within the region. Notably, the Schmitz Well intercept, which had 2m @ 7,290ppm Co from 34m, with the lithology recorded as saprolite. Lateritic profiles are a key source of Co-Ni from regolith, ultramafic-bearing Greenstone belts within Western Australia.

Hence, a potential economic lateritic development over the two mineralisation-bearing settings would be advantageous for early cashflow through open-pit operations, before a potential transition to hard-rock mining practices for the extraction of massive sulphide units.

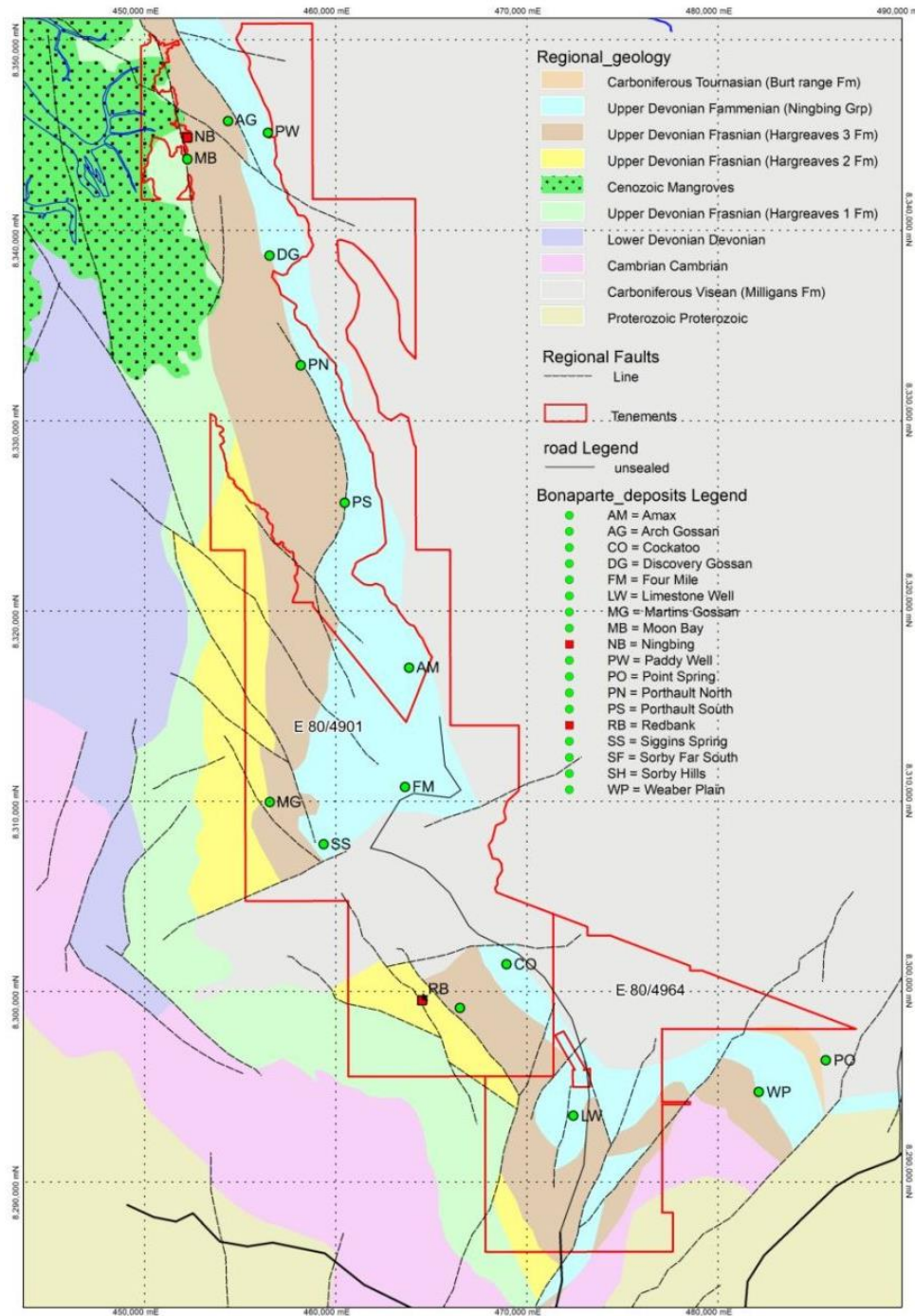
Bonaparte – Western Australia

The VIC Geology team undertook thorough desktop reviews of the Bonaparte project which included an analysis of the historical exploration, known geology and exploration conducted to date on the site.

The geology team identified several historic deposits within the project area which have confirmed the mineralisation potential and provided secondary mineralisation targets for the assets (Figure 5).

The outcome of the review was to obtain a holistic understanding of the projects, their mineralisation potential with direction and recommendations for the assets outlined within the document. This has led to the formulation of an exploration drilling program for the Bonaparte project. This program is due to be finalised within the next quarter, the market will be updated accordingly.

FIGURE 5: BONAPARTE MINERAL DEPOSITS AND LOCAL GEOLOGY IN THE BONAPARTE PROJECT AREA



Source: VIC Geology Team

NON-CORE ASSETS

Laverton– Western Australia

The VIC Geology team undertook reviews of the Laverton project which included an analysis of the historical exploration, known geology and exploration conducted to date on the site.

The Laverton project, given the asset is located in a district recognised for gold and nickel production is interesting and the presence of mineralisation bearing geological units, anomalous historic geochemical results and structural influences have confirmed the asset is prospective for gold, nickel and copper (Figure 6). VIC management are committed to working on its core assets and as Laverton is no longer viewed as a core asset, VIC are actively looking for a JV partner or to divest the Laverton asset to maximise shareholder value.

FIGURE 6: LAVERTON HISTORICAL DRILLING AND GEOLOGY (INCLUDING GREENSTONES)



Source: VIC Geology Team and Geoview.WA



Bolivia Tin Project

During the quarter, the Bolivian Tin project was reviewed, an investor presentation developed, and a data room established. Discussions have commenced with an interested party for the disposal of the assets in the Bolivia Tin Project. The assets are currently under care and maintenance program. VIC aims to divest the Bolivian Tin project to generate shareholder value.

CORPORATE

ASX queries

During the quarter, plans for an acquisition and capital raising exercise were terminated following the commencement of: 1) various lines of enquiries from the ASX; and 2) voluntary suspension coming into force.

The Board and its legal advisors are working proactively with the ASX to resolve the queries as quickly as possible, so trading and normal business operations can resume.

Company Secretary Appointment

The Board is pleased to announce that Aida Tabakovic was appointed Company Secretary during the period, replacing Elizabeth Hunt.

For further information please contact:

Aida Tabakovic

Company Secretary



References

- 1) TLM Annual Report 2015 released 30 September 2015
- 2) Unless indicated otherwise see VIC ASX Release 27 July 2018
- 3) SGQ ASX Release 19 June 2018

Disclaimer

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

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

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COMPETENT PERSON STATEMENT

The information in this report that relates to Geological Interpretation, Historical Exploration Results, Exploration Targets, or Exploration Results is based on information compiled by Nicholas Ryan, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ryan has been a Member of the Australian Institute of Mining and Metallurgy for 12 years and is a Chartered Professional (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan is the consulting Technical Manager for Cobalt Prospecting Pty Ltd, the sub-entity that holds the Peperill Hill, Galah Well, Husky, and Malamute projects. Mr Ryan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ryan consents to the inclusion in the report of the matters based on his information and the form and context in which it appears.



ASX LISTING RULE 5.3.3

VIC presents the tenement information (Table 1) in accordance with ASX Listing Rule 5.3.3.

TABLE 1: TENEMENT INFORMATION

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