ASX Announcement

25 July 2019



ASX Code: VKA

Quarterly Report for the period ended 30 June 2019

During the quarter ended 30 June 2019, Viking Mines Ltd (**Viking** or the **Company**) was actively focussed on progressing work at the Tumentu Gold Project and continuing the proceedings against the purchaser of the Akoase Gold Project.

1. Akoase Gold Project (Ghana, 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 the purchaser and guarantors of the Akoase Gold Project. Since that time, the matter has been proceeding through the court process in the High Court (Commercial Division) in Ghana. The Company is focused on resolving this matter and the Company will ensure that the market is informed of any material information relating to this matter as it progresses.

2. Tumentu Gold Project (Ghana, VKA 100%)

As announced to the market on 26 April 2019, the Company was granted a prospecting licence for Tumentu from the Minerals Commission on 25 April 2019.

Accordingly, the Company is proceeding with the two-year program developed by the Company, consisting of air-core (AC) and reverse circulation (RC) drilling, soil geochemistry and ground based geophysics. A recent field inspection (April 2019) by directors of the Company indicated the prospectivity of this area. A subsequent report commissioned by the Company and prepared by Mostycons Ltd recommended a 50 hole air-core drilling program to test previously identified gold-in-soild soil anomalies with grades of >200ppb Au along the Salman Shear Zone.

The Company is excited by the potential of this drilling campaign and has engaged a drilling contractor to commence drilling works in the area. The Company is expecting to commence the drilling program forthwith and will provide the market with updates as the program progresses.



The Company has also received advice that the Minerals Commission Board in Ghana has approved a prospecting licence application for Butre, which is located in the Ahanta West region of Ghana. The application is currently with the Minister for final approval.

3. Berkh Uul Coal Project (Mongolia, VKA 100%)

No on-ground activity on the project during the quarter.

Viking continues to seek resolution relating to changes to boundaries of protected areas affecting the Berkh Uul prospecting license, introduced under Long Name Law in 2010. The Company has commenced action against the Mineral Resources and Petroleum Authority of Mongolia in this regard (MRPAM). The Company has received a written judgement from the Supreme Court in relation to this matter, which upheld the decision of the First Instance Administrative Court which rejected the claims of the Company. The Company's lawyers in Mongolia are in the process of submitting a request for compensation to MRPAM.

4. Khonkhor Zag Coal Project (Mongolia, VKA 100%)

No on-ground work was undertaken on the project during the quarter.

In accordance with and consistent with the Board's objectives, the Company has continued to engage with prospective buyers in relation to the Mongolian assets.

5. Corporate

The Company has a strong cash position of \$2.388 million as at 30 June 2019.

Other than the matters set out above, no other matter or circumstance has arisen since 31 March 2019 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.

The Board believes Viking is in a strong and unique position to identify and evaluate opportunities in the mining sector.

The Company continues its review of mineral project farm-in/acquisition opportunities with the objective of acquiring mature exploration assets with potential to deliver long-term sustainable cash flow.

Ray Whitten

Executive Chairman

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Tenements Held at 30 June 2019

Ghana

| License name | Location | License type | License Holder/ JV Partners* | Viking Mines Ownership |
|-------------------|----------------|---------------------|------------------------------|--|
| Akoase West | Southern Ghana | Prospecting license | RAL | 100%(reducing to zero% upon sale completion) |
| Akoase East | Southern Ghana | Prospecting license | RAL | 100%(reducing to zero% upon sale completion) |
| Akoase South-East | Southern Ghana | Prospecting license | RAL | 100%(reducing to zero% upon sale completion) |
| Tumentu | Southern Ghana | Prospecting license | RAL | 100% |

RAL = Resolute Amansie Ltd is a 100% owned subsidiary of Viking Mines Ltd

Mongolia

| License name | Location | License type | License Holder/JV Partners* | Viking Mines ownership |
|--------------|-------------------------------|---------------------|-----------------------------------|---------------------------|
| Berkh Uul | Selenge province, Mongolia | Exploration license | BRX LLC | 100% |
| Khonkhor Zag | Govi Altai province, Mongolia | Mining lease | Salkhit Altai LLC | 100% |

^{*} BRX LLC and Salkhit Altai LLC are 100% owned subsidiaries of Viking Mines Ltd.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

| VIKING MINES LIMITED | |
|---------------------------------------|--|
| ABN Quarter ended ("current quarter") | |
| 38 126 200 280 30 June 2019 | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|--|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | | |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (119) | (342) |
| | (b) development | | |
| | (c) production | | |
| | (d) staff costs | (68) | (260) |
| | (e) administration and corporate costs | (7) | (313) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 5 | 54 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | | |
| 1.7 | Research and development refunds | | |
| 1.8 | Other | | |
| 1.9 | Net cash from / (used in) operating activities | (189) | (861) |

| 2. | Cash flows from investing activities | | |
|-----|--------------------------------------|-----|------|
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (6) | (22) |
| | (b) tenements (see item 10) | | |
| | (c) investments | | |
| | (d) other non-current assets | | |

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| Con | solidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|-----|---|----------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | | |
| | (b) tenements (see item 10) | | |
| | (c) investments | | |
| | (d) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (Deposit on sale of Mongolian assets and subsequent refund of 50% of deposit) | - | 71 |
| 2.6 | Net cash from / (used in) investing activities | (6) | 49 |

| 3. | Cash flows from financing activities |
|------|---|
| 3.1 | Proceeds from issues of shares |
| 3.2 | Proceeds from issue of convertible notes |
| 3.3 | Proceeds from exercise of share options |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options |
| 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 |

| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
|-----|---|-------|-------|
| 4.1 | Cash and cash equivalents at beginning of period | 2,549 | 3,090 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (189) | (861) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (6) | 49 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | 34 | 110 |
| 4.6 | Cash and cash equivalents at end of period | 2,388 | 2,388 |

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Current quarter \$A'000

| 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 | 2,388 | 2,549 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,388 | 2,549 |

Payments to directors of the entity and their associates

| 68 | Aggregate amount of payments to these parties included in item 1.2 | 6.1 |
|----------------------------|--|------|
| _ | Aggregate amount of cash flow from loans to these parties included in item 2.3 | 6.2 |
| s included in | 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |
| | uneration and fees paid to Directors and their associates. | Remu |
| Current quarter \$A'000 | Payments to related entities of the entity and their associates | 7. |
| - | Aggregate amount of payments to these parties included in item 1.2 | 7.1 |
| | | |
| _ | Aggregate amount of cash flow from loans to these parties included in item 2.3 | 7.2 |

6.

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| 8. | Financing facilities available Add notes as necessary for an understanding of the position | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|--|--|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility ab whether it is secured or unsecured. If any add proposed to be entered into after quarter end | ditional facilities have bee | en entered into or are |
| | | | |

| 9. | Estimated cash outflows for next quarter | \$A'000 |
|-----|--|---------|
| 9.1 | Exploration and evaluation | 306 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 68 |
| 9.5 | Administration and corporate costs | 25 |
| 9.6 | Other (USD 50k repayment) | - |
| 9.7 | Total estimated cash outflows | 399 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|--|--------------------|--|----------------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | | | | |

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Compliance statement

- 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.

11 WI

Chairman

Sign here: Date: 25 July 2019

Print name: Ray Whitten

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2. If this quarterly 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 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.

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