

For the offer of up to 15,000,000 Shares at an issue price of 20 cents each to raise up to \$3,000,000



# REPLACEMENT PROSPECTUS



# Corporate Directory

## Directors

**Kevin Nichol** (Chairman)

**Douglas Cahill** (Managing Director)

**Peter Avery**

## Company Secretary

**Michael Trifunovic**

## Registered and Principal Office

**Victorian Gold Mines NL**

7-9 View Point

Bendigo, Victoria 3550

Phone 03 5441 5678

Fax 03 5442 5038

Email [generaladmin@victoriangoldmines.com.au](mailto:generaladmin@victoriangoldmines.com.au)

Website [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au)

## Sponsor to the Issue

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Crows Nest, New South Wales 2065

Ph 02 9460 8887

Fax 02 9460 8857

Email [admin@hksecurities.com.au](mailto:admin@hksecurities.com.au)

Website [www.hksecurities.com.au](http://www.hksecurities.com.au)

## Solicitors

**Hemming+Hart Lawyers**

2nd Floor

307 Queen Street

Brisbane Queensland 4000

Phone 07 3002 8700

Fax 07 3221 3068

Email [mail@hemhart.com.au](mailto:mail@hemhart.com.au)

Website [www.hemhart.com.au](http://www.hemhart.com.au)

## Share Registry

**Advanced Share Registry Services Limited**

150 Stirling Highway

Nedlands Western Australia 6909

Phone 08 9389 8033

Fax 08 9389 7871

Website [www.advancedshare.com.au](http://www.advancedshare.com.au)

## Auditors

**Andrew Frewin Stewart**

61-65 Bull Street

Bendigo, Victoria 3550

Phone 03 5443 0344

Fax 03 5443 5304

Email [afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)

Website [www.afsbendigo.com.au](http://www.afsbendigo.com.au)

## Independent Geologist

**Chris Young Consulting Pty Ltd**

11 Meadow Place

Templestowe, Victoria 3106

Phone 03 9846 3240

Email [chyoung@bluep.com](mailto:chyoung@bluep.com)

## Independent Accountants

**AFS & Associates Pty Ltd**

61-65 Bull Street

Bendigo, Victoria 3550

Phone 03 5443 0344

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Website [www.afsbendigo.com.au](http://www.afsbendigo.com.au)

Victorian Gold Mines N.L.

ACN 139 255 771

## Replacement Prospectus

For the offer of up to 15,000,000 Shares at an issue price of 20 cents each to raise up to \$3,000,000.

This Replacement Prospectus replaces the prospectus lodged by the Company with ASIC on 27 October 2009 (and dated 23 October 2009). This Replacement Prospectus is important and requires your immediate attention. It should be read in its entirety. If you do not understand any part of this Prospectus, or you are in doubt as to how to deal with it, you should consult your accountant, stockbroker, solicitor or other professional adviser.

THE SECURITIES OFFERED BY THIS REPLACEMENT PROSPECTUS SHOULD BE  
CONSIDERED SPECULATIVE

**hk** Securities

Sponsor to the Issue

HK Securities Pty Ltd

AFSL 320533



Welcome Stranger\*

Discovered 5th February 1869

2,284 ounces

\*Reference to the photograph of the "Welcome Stranger" nugget is to provide potential investors with an illustrative example of gold that was historically produced from gold fields in close proximity to one of tenements in which the Company holds an interest. The "Welcome Stranger" is not an asset of the Company and the Company makes no representation as to the discovery of the "Welcome Stranger" nugget or any similar discovery.

The Company holds no interest whatsoever in the "Welcome Stranger" nugget.

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## Lodgement and Listing

This Replacement Prospectus is dated 3 November 2009 and was lodged with ASIC and ASX on 3 November 2009. It replaces the prospectus dated 23 October 2009 and lodged with ASIC on 27 October 2009. Neither ASIC nor ASX take responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. This Prospectus has been prepared in its entirety by the Company and is in its entirety based on the available information and facts and circumstances known to the Company as at the date of this document. The Directors of the Company authorise the distribution of this document. No director, employee, agent, adviser or consultant will have liability for any statement, opinion, information or matters (express or implied) arising out of or contained in, or for omissions from, the information provided in this Prospectus. No person is authorised to provide any information or to make any representation in connection with the Offer contained in this Prospectus which is not contained in this Prospectus.

## Document should be read in its entirety

This document is important and should be read in its entirety. Your investment decision in relation to this Issue should be based upon the information contained in this Prospectus and disclosures made to the market by the Company. If in doubt, you should consult your stockbroker, solicitor or accountant or other professional adviser without delay. Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares (including the Shares offered by this Prospectus) will be achieved.

## Currency

All financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

## General

The pictures and photographs shown within this document are for illustrative purposes only and do not necessarily depict the actual project tenure or other assets of the Company in their present form.

Defined terms and abbreviations used in this Prospectus are explained in the Definitions at the end of this Prospectus.

## Exposure Period

This Prospectus will be made generally available during the Exposure Period by being posted on the Company's website at [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au). In addition, copies of the Prospectus will be available on request to members of the public by contacting the Company on (03) 5441 5678.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application and subscription money that has been received will be dealt with in accordance with Section 724 of the Corporations Act.

## Electronic/Paper Prospectus

This Prospectus is available in electronic form at the Company's website at [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au) in paper form by contacting the Company. A paper copy of the Prospectus will be sent free of charge on request during the period of the Offer.

Any person accessing the electronic version of this Prospectus for the purposes of becoming a shareholder must be an Australian resident and must only access the Prospectus from within Australia.

Applications for Shares under this Prospectus will not be processed until after the expiry of the Exposure Period. If the Exposure Period is extended by ASIC, Applications will not be processed until after the expiry of the extended Exposure Period.

## Investors outside Australia

This Prospectus, whether in electronic or paper form, does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer. Access to this Prospectus by persons outside of Australia is not permitted.

Any recipient of this Prospectus residing outside Australia should consult their professional advisors on requisite compliance requirements. It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application will be deemed to be a representation and warranty by the Applicant that there has been no breach of such laws. The Company is entitled to refuse an Application for Shares under this Prospectus if it believes the Applicant did not receive an Offer in Australia.

## Applications

Applications for Shares can only be made by completing the Application Form in full, in accordance with the instructions in this Prospectus. The Company will not accept Application Forms electronically or by facsimile. The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a representation that the investor had personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

## Up To Date Information

Information contained in this Prospectus (and any supplementary Prospectus) may change from time to time. If any change will be materially adverse, a supplementary Prospectus will be issued. However, if the change is not materially adverse to the Offer, a supplementary Prospectus may not be issued.

## Privacy

In submitting an Application Form, an Applicant will be required to provide certain personal information on the Application Form for the purposes of enabling the Company to cause registration of the Applicant as the holder of a Share, to enter relevant information in the Company's register of members and to enable the Company to contact that Applicant. At all times, personal information may be required to be disclosed by the Company to the Australian Taxation Office, or other government authorities or agencies as required by law. Such information may be disclosed to an Applicant's accountants, financial advisors and others where the Applicant's authority has been received. All personal information so collected will be collected, used and stored by the Company for the purposes required by the Corporations Act and Listing Rules, or for direct and permitted communication by the Company with the Applicant.

## Disclaimer

No person is authorised to give any information or to make any representation in connection with this Issue, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Issue. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## Investment Highlights

- Targeting high grade gold mineralisation with a minimum 10 to 15 grams per tonne.
- Trial mining to commence once listed.
- Close to existing infrastructure and labour markets.
- Located in Victoria, thus providing a stable political and economic climate.
- Known gold mineralisation contained in all project areas.
- Loyalty options to be issued soon after listing.
- Objective of profitable mining instead of excessive and wasteful drilling.
- Gold and regional focused exploration.
- Seven granted tenements covering portions of four Victorian goldfields.
- Historic alluvial and reef hosted gold production in all tenements.
- Four projects in an advanced stage of exploration or underground development.
- Underground operational workings exist at Bright, Wedderburn, and Great Southern Sheeps Head.
- Directors with considerable experience in exploration and mining.
- Management with extensive experience relating to Victorian gold mineralisation.

The Company's objective is to earn money for shareholders by profitably producing gold instead of spending shareholder money trying to prove up what is already known to exist. The difference with the Company's approach is that we will not drill out a project area when the profitable alternative is to mine.

Gold in the Victorian Gold Fields has historically been known to be high grade. It occurs in thin quartz mineralised veins that change direction, dip down and cut in and out. Prospectors over the last century and a half have been successful by following the mineralisation and mining it. The water table stopped many underground prospectors, however, with new technical engineering abilities, small operations can be mined profitably.

Previously the price of gold has been much lower, therefore, much of the older workings have been left abandoned. The gold price has been above AUD\$1,000 an ounce now for some time, allowing old workings to now be literally new gold mines. The Victorian Government has recently supported the industry by granting funds to small operators effectively promoting the gold miners cause.

To ensure the Company attracts the best professionals to realise our corporate objectives and visions, the Company is committed to developing a strong, quality and competent management team under the guidance of the Board of Directors whose members have the relevant industry experience and come from varied backgrounds.

The Managing Director has extensive local experience, living and working in the area for many years. Through this connection, staff and required mining equipment have been sourced and secured, and are ready to commence



operations upon listing of the Company. In addition to the employment the Company will generate in local areas surrounding the Tenements, profits will be used in Australia to expand operations as the Company becomes more established.

Globally, demand for gold continues to be strong. The easily mined gold is gone, leaving more expensive production of the yellow metal to provide supply. The result is a higher gold price. The directors have taken the view that the price will continue to rise over time and believe that the strategy of chasing high grade gold reduces risk.

This is a growth story based on the company's ability to successfully develop and mine previous known underground high grade workings. This is a story revolving around grade.

## Letter from the Chairman

Dear Investor,

Welcome to Victorian Gold Mines N.L and this initial public offering Prospectus.

Victorian Gold Mines is seeking to raise funds to rehabilitate, refurbish and where appropriate begin trial mining of known gold reef mineralisation. The Company is focusing on a minimum high grade gold mineralisation of at least 10 to 15 grams per tonne. The Directors have put together a suite of projects, all with the objective to begin trial gold mining and the exploitation of quartz reef extensions underground and beneath the water table.

By concentrating on known gold mineralisation and a low cost of production the Board aims to be cash flow positive from year one as a company. This is a very different approach to other small companies who aim all funding at exploration rather than production. The Company will aim to add more gold production each year by following the same strategy.

In addition to organic growth resulting from the development of the Company's high grade gold assets, the company will continue to analyse corporate opportunities such as acquisitions or joint venture activities. As the economic conditions improve, so will the opportunities available to the Company.

The Board has taken a position on the price of gold and will not be hedging any production. The Board believes that the gold price will continue to improve over time as production costs worldwide increase in the face of increased global demand for the yellow precious metal.

Victorian Gold Mines is offering the opportunity to subscribe for up to 15 million shares at 20 cents per share to raise \$3,000,000. No options will exist on listing, however an issue of loyalty options on a one for two basis will be offered to all shareholders within 100 days of listing (see Section 9.9 of this Prospectus).

On behalf of my fellow directors, I invite you to become a shareholder in Victorian Gold Mines.

Yours Sincerely

Chairman



**Kevin Nichol**

## Summary of Key Risks

A summary of key risks is set out below. Further detail on these risks and others provided in sections 4.1 and 4.2.

### Stock Market Risk

The price of the Company's securities may be highly volatile and can be expected to fluctuate depending on various factors including exploration success, market sentiment, commodity price, interest rates, and general economic conditions in Australia.

### Commodity Price Risk

The Company's prospects and share price will be influenced by the price of the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, the cost of production and general global economic conditions.

### Exploration Risk

Mineral exploration is speculative and involves significant risks which even the highest levels of experience, care and planning cannot control. There is no assurance that exploration programmes will be successful in the discovery of new ore bodies or the delineation of resources in any or all of the Company's activities.

### Mine Development Risk

Possible future development of mining operations at any of the Company's projects is subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding. If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, fires, explosions, adverse weather conditions and other accidents. The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and precious metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its tenements or projects.

## Reliance on Key Personnel Risk

The Company relies to a significant extent upon the experience and expertise of the Executive Directors and management. These persons possess knowledge of many of the Company's tenements through extensive personal experience of prospecting in those areas. Loss of one or more of these personnel may adversely affect the Company's prospects of pursuing its exploration programs within the timeframes and within the cost structure as currently envisaged.

## Questions and Answers

Question	Answer	Relevant Section
What is Victorian Gold Mines? What does it do now and what will it do following the completion of the Issue?	<p>Victorian Gold Mines is an exploration and mining company. Victorian Gold Mines has acquired rights to a number of mineral exploration tenements in Australia of which limited exploration and some mining operations have been previously conducted within these tenements.</p> <p>Following this issue, exploration will be accelerated to attempt to delineate resources on one or more of the projects. In addition, the Company will commence trial mining within some of the Tenements</p>	Section 2
What is the Offer?	The Offer is an initial public offering of a minimum of 11,000,000 Shares to raise \$2,200,000 and a maximum of 15,000,000 Shares to raise \$3,000,000.	Section 1.3
What is the Offer price?	The offer price is 20 cents (\$0.20) per Share.	Section 1.2
How will the proceeds of the Offer be used?	Proceeds will be used to explore the Company's mineral interests, commence trial mining and pay the costs of the Offer.	Section 1.5
What is the minimum/maximum application under the Offer?	<p>The minimum application amount is for 10,000 Shares at \$0.20 which gives a minimum application amount of \$2,000. Additional Shares can be applied for in multiples of 1000 Shares.</p> <p>There is no maximum amount that may be applied for in respect of the Offer. However, the Company reserves the right to accept or reject Applications in full or in part.</p>	Section 1.9
Is the Offer underwritten?	No	Section 1.11
What will the market capitalisation of the Company be upon listing on the ASX?	The market capitalisation of the Company on listing is expected to be approximately \$5,916,000 if the maximum number of Shares under the Offer are issued.	Section 1.6
What are the key dates of the Offer?	<p>Applications Open - 9 November 2009</p> <p>Applications Close – 4 December 2009</p> <p>Allotment of Shares - 10 December 2009</p> <p>Dispatch Holding Statements – 11 December 2009 -</p> <p>Anticipated date for quotation of Shares on ASX - 17 December 2009</p> <p><i>These dates are indicative only. The Company reserves the right to vary the dates and times of the Offer, including the Closing Date</i></p>	

## Questions and Answers (continued)

Question	Answer	Relevant Section
What are the benefits of investing in the Company?	Exposure to a number of prospective and potentially valuable exploration and small scale trial mining projects in Victoria, Australia	Investment highlights, Chairman's letter, and Section 2
What are the key risks of investing in the Company?	<p>The key risks of investing in the Company are</p> <ul style="list-style-type: none"> <li>• Stock market risk</li> <li>• Commodity price risk</li> <li>• Development Risk</li> <li>• Exploration risk</li> <li>• Key personnel risk</li> </ul> <p>Further details of the risks of investing in the Company are set out in Section 4.</p>	Summary of Key Risks and Section 4
What are the costs of the Offer and who is paying them?	The total estimated costs of the Offer, which will be borne by the Company, are estimated at \$242,000 if minimum subscription is reached and include accounting and legal fees, Independent experts costs ASIC and ASX fees, Prospectus printing costs and miscellaneous expenses.	Section 9
When will I receive dividends?	The Company has no immediate intention to declare a dividend. The Company may distribute dividends in the future based on future growth prospects and capital requirements.	Section 1.7
What are the tax implications of investing in the Company?	The taxation implications of investing in Shares will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing.	1.19
How do I apply for Shares?	Applications for Shares can be made as set out in Section 1.9 of this Prospectus and by completing the Application Form at the end of this Prospectus.	Section 1.9
When will I receive confirmation that my Application has been successful?	Holding statements, confirming Applicants' allocations under the Offer, are expected to be dispatched to Shareholders as soon as possible after allotment and by no later than on 11 December 2009.	Section 1.4 and Section 1.10
How can I obtain further information?	By speaking to your sharebroker, solicitor, professional adviser, banker or accountant.	
How can I contact the Company?	For further contact details, see the Corporate Directory at the front of this Prospectus.	

# 1. Details of the Offer

## 1.1 Description of the Offer

Victorian Gold Mines is offering Shares for subscription at a price of 20 cents per Share. The Company seeks to raise up to \$3,000,000 through the issue of 15,000,000 Shares.

## 1.2 Issue Price

Shares will be issued at a price of 20 cents per Share, payable in full on Application. Newly issued Shares will rank equally in all respects with all other existing shares on issue.

## 1.3 Minimum and Maximum Subscriptions

The minimum subscription is 11,000,000 Shares to raise \$2,200,000. The Company must also have a minimum of 400 non-related shareholders holding a parcel of not less than 10,000 Shares each. The Company reserves the right to accept oversubscriptions up to and including the Closing Date and the maximum subscription is 15,000,000 Shares to raise \$3,000,000.

If the minimum subscription and the minimum number of shareholders are both not reached within three months of the date of this Prospectus the directors will either repay the Application monies to applicants or issue a supplementary or replacement Prospectus and allow Applicants one month to withdraw their application and to be repaid their application monies. Interest will not be paid on monies ref Date of Prospectus unded.

## 1.4 Key Dates

<b>Date of Prospectus</b>	23 October 2009*
<b>Applications Open</b>	9 November 2009*
<b>Closing Date</b>	4 December 2009*
<b>Allotment Date</b>	10 December 2009*
<b>Dispatch of holding statements</b>	11 December 2009*
<b>Trading commences on ASX</b>	17 December 2009*

*\* These dates are indicative only and may be subject to change, subject to the provisions of the Corporations Act and the Listing Rules, without notice. The Directors may extend the period of the Offer or bring forward the Closing Date at their discretion.*

## 1.5 Purpose of the Offer and use of funds

The purpose of the Offer is to provide the Company with sufficient funds to enable it to carry out its exploration and trial mining programs, related technical studies, provide finance for the acquisition of other mineral properties, and to provide working capital.

The proposed application of funds for the 2 years from the expected date of listing is as follows:

Use of Funds	Minimum Subscription		Full Subscription	
Pre-Offer cash and receivables		\$242,403		\$242,403
Total raised in the Offer		\$2,200,000		\$3,000,000
<b>Total Funds Available</b>		<b>\$2,442,403</b>		<b>\$3,242,403</b>
Project Acquisition Costs		\$400,000		\$400,000
Exploration program (first 2 years)		\$1,263,500		\$1,662,000
Pre-listing and listing costs		\$242,000		\$290,000
Working capital		\$536,903		\$890,403
<b>Total Funds Applied</b>		<b>\$2,442,403</b>		<b>\$3,242,403</b>
Indicative Project Exploration and Development Costs	Year 1	Year 2	Year 1	Year 2
Bright	\$319,000	\$176,000	\$429,000	\$298,000
Wedderburn	\$207,000	\$101,500	\$292,000	\$109,000
Moliagul	\$106,500	\$51,500	\$106,500	\$63,500
Great Southern Sheeps Head	\$177,000	\$125,000	\$218,000	\$146,000
<b>Total</b>	<b>\$809,500</b>	<b>\$454,000</b>	<b>\$1,045,500</b>	<b>\$616,500</b>

The use of funds is contingent upon progressive results of exploration and associated technical studies. Management reserves the right to change the allocation of funds as circumstances dictate.

Information on the company's projects and the use of funds on these projects is presented in Section 2 of this Prospectus.



Following completion of the Offer, the Company will have adequate working capital to carry out its objectives including the funding of the following major budget items:

- Exploration including remote sensing, geochemical sampling and drilling on the Company's base metals and gold/silver exploration projects. This will occur in a number of phases with each programme dependent on the results of the previous one.
- Capital payments in relation to the purchase and license of tenements comprising the Projects (key terms of the applicable agreements are contained in section 9 of the Prospectus).
- Corporate administration costs.

## 1.6 Capital Structure

	Minimum Subscription	%	Contributed Equity*	Full Subscription	%	Contributed Equity*
Current Shares on Issue:		54.1%			46.8%	
Founder Shares	9,000,003		\$903			\$903
Seed Shares	4,830,000		\$241,500			\$241,500
Vendor Shares	750,000	2.9%	\$150,000	750,000	2.5%	\$150,000
Shares offered under this Prospectus	11,000,000	43%	\$2,200,000	15,000,000	50.7%	\$3,000,000
<b>Total Shares on Issue</b>	<b>25,580,003</b>	<b>100.00%</b>		<b>29,580,003</b>	<b>100.00%</b>	

\*Refer to the Financial Information at Section 5 of this Prospectus for further information

## 1.7 Dividend Policy

The Company does not yet have a dividend policy. The Company has no immediate intention to declare or distribute dividends. Payment of future dividends will depend upon the future profitability and financial position of the Company.

## 1.8 Risk Factors

Investment in shares under this Prospectus should be considered as speculative because of the inherent risks in mineral exploration. There are also inherent risks in the delineation of mineral reserves and in mineral production. A summary

of some of the risk factors that face the Company are set out in section 4 of this Prospectus. Potential investors should read this Prospectus in full and consult their stockbroker, accountant or independent financial advisor if they require further information on the risks associated with investing in the Company, before submitting the Application Form.

## 1.9 How to apply

If you wish to subscribe for Shares you may either:

- complete and return the Application Form which is attached to a paper copy of this Prospectus; or
- print a copy of the online Prospectus and complete and return a copy of the Application Form.

Instructions for completing the Application Form are set out on the reverse of the Application Form. Shares will only be issued on receipt of an Application Form issued together with this Prospectus (whether in paper or electronic form). The minimum application is for 10,000 Shares paid to 20 cents (\$2,000) and thereafter in multiples of 1000 Shares (\$200). Applications must be accompanied by payment in Australian currency of 20 cents for each Share. Cheques should be made payable to "Victorian Gold Mines NL – Share Offer Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

Completed Application Forms and accompanying cheques should be delivered or posted to either:

Victorian Gold Mines NL Share Issue c/-Advanced Share Registry Services Limited 150 Stirling Highway Nedlands Western Australia 6909	Victorian Gold Mines NL Share Issue c/-Victorian Gold Mines NL PO Box 1075 Bendigo Central, Victoria 3552
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and must be received at the above address by 7.00 pm EDST on the Closing Date.

## 1.10 Allotment

The Company reserves the right to allocate the Shares in full on any Application or to allocate any lesser number of Shares applied for or reject any Application. The Company has discretion with respect to the acceptance of Applications and the allocation of Shares and reserves the right to allocate each applicant a lesser number of Shares than the number for which the applicant applies. If the number of Shares allocated is less than the number applied for, the surplus application money will be refunded to the applicant without interest. Holding statements will be dispatched as soon as possible after allotment. It is the responsibility of Applicants to confirm the number of Shares allotted to them prior to trading in the Shares. Applicants who sell Shares before they receive notification of the number of Shares allocated to them do so at their own risk.

## 1.11 Underwriting

The Offer contained in this Prospectus is not underwritten.

## 1.12 ASX Listing

Application will be made to ASX within 7 days of the date of the Prospectus for the Company to be admitted to the official list of ASX and for Quotation of the Shares issued pursuant to the terms of this Prospectus, together with Shares already on issue. If the Company is admitted to the Official List of the ASX, it is anticipated the Shares will trade under the ASX code VGM. If an application for admission of the Shares to quotation is not made within 7 days of the date of this Prospectus or the Shares are not admitted to quotation within the time specified in Section 723(3) of the Corporations Act, all application monies under this Offer will be refunded without interest in accordance with the Corporations Act. ASX accepts no responsibility for the contents of the Prospectus or the investment to which it relates. The fact that ASX may admit the Company to its official list is not to be taken in any way as an indication of the merits of the Company.

## 1.13 Chess

The Company will apply to ASX to participate in the Clearing House Electronic Subregister System (CHES). Accordingly, Share certificates will not be provided to successful applicants. Following allotment, the Company will provide Shareholders with holding statements that set out the number of Shares allotted to each successful applicant in accordance with this Prospectus. That notice will also advise Shareholders of their holder identification number and sponsoring issuer number. An explanation of sale and purchase procedures under CHES will accompany the notice. If there is a change in Share holdings during a month, the relevant Shareholder will receive a statement to that effect at the end of that month. That person may also require the Company to provide a statement at other times subject to payment of an administration fee.

## 1.14 Overseas Distribution

The distribution of the Prospectus outside the Commonwealth of Australia may be restricted by law. Consequently, all persons who receive the Prospectus must inform themselves of all applicable laws and observe any such restrictions. The failure to comply with any applicable restrictions may constitute a violation of securities laws. This Prospectus is not intended to, and does not, constitute an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia.

## 1.15 Restricted Securities

Existing Shares of the Company may be subject to various escrow conditions imposed by ASX. The Company anticipates that the founders, seed and promoters shares will be escrowed for period as may be prescribed by the ASX under its Listing Rules. The holders of the Existing Shares and Vendor Shares will be required to enter into Restriction Agreements to satisfy ASX requirements before the Company is admitted to the Official List of ASX.

Except as otherwise disclosed in this Prospectus none of the Shares to be issued under the Offer pursuant to this Prospectus will be restricted securities.

## 1.16 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer, in which case Victorian Gold Mines will return all Application monies (if applicable) without interest within 21 days of giving notice of its withdrawal.

## 1.17 Privacy Matters

If investors complete an Application form, investors will be providing personal information to the Company (directly or to the Company's share registry). The Company collects, holds and will use that information to assess an investor's application and for corporate communications to an investor as a shareholder and to carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for our securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

Shareholders can access, correct and update the personal information that the Company holds about shareholders. Shareholders may contact the Company or its share registry if shareholders wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1998 (Cth) as amended. Investors should note that if investors do not provide the information required on the Application Form, the Company may not be able to accept or process an application.

## 1.18 Financial Forecasts

The Company is an exploration and very early stage development company. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting

future revenues. On this basis the directors believe that reliable forecast cannot be prepared and accordingly have not included forecasts in this Prospectus.

## 1.19 Taxation

The Australian taxation consequences of any investment in Shares will depend upon the Applicant's particular circumstances. It is the obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you have any questions about the taxation consequences of an investment in the Company, please contact your stockbroker, accountant or independent financial advisor.

## 1.20 Sponsor to Issue

The Company has engaged HK Securities Pty Ltd to act as sponsor to the Issue. Pursuant to the terms of its engagement, HK Securities Pty Ltd is required to support the Company in relation to the Issue, and provide its consent to being named in the Prospectus as sponsor to the Issue.

## 1.21 Investor Enquiries

Additional copies of the Prospectus or further advice on how to complete the Application Form can be obtained by telephoning or visiting:

**Victorian Gold Mines NL**

**Phone** 03 5441 5678

**Website** [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au)

## 2. Overview of the Company

### 2.1 The History - Gold fever hits Victoria

Fuelled by extravagant stories of wealth gained at the 1849 Californian gold rush, gold fever hit Victoria following the early gold discoveries in and around Clunes, Warrandyte and Ballarat. But the real rush began with the discovery of the Mount Alexander goldfield 60 kilometres north-east of Ballarat.

Mt Alexander (taking in the goldfields of Castlemaine and Bendigo) was one of the world's richest shallow alluvial goldfields, yielding around four million ounces of gold, most of which was found in the first two years of the rush and within five metres of the surface. When eight tonnes of Victorian gold arrived at London's port in April 1852, the Times of London declared: "this is California all over again, but, it would appear, California on a larger scale."

#### **Nuggets of the stuff**

Mt Alexander goldfield's largest nugget was found in 1855 at Golden Gully by some inexperienced miners who had been sent to a 'duffer' or empty claim. On just their second day digging they discovered the 1008 ounce, 'damper-shaped' nugget and named it in honour of the area's popular gold commissioner, Mr Heron.

The small town of Moliagul became famous when a 69-kilogram gold nugget was found in 1869 at Bulldog Gully. Dubbed 'Welcome Stranger', the nugget was the largest in the world, though it was soon broken into pieces as the district lacked scales big enough to weigh the 60 by 30 centimetre nugget. Today the nugget would be worth over one million dollars.

#### **Gold rush names**

Diggers gave names to almost every metre of ground on the gold fields. Some were named after real people such as Cranky Ned's Reef and Dirty Dick's Gully. Others named their new home after old ones, choosing Adelaide Flat, Californian Gully and Switzerland Reef.

Many names conveyed something of the misfortunes suffered there. As well as Murdering Flat and Chokem Flat, there was Deadman's Gully and Burying Ground Flat. Unlucky diggers bestowed names like Poverty Hill and Three Speck Gully. More lucrative spots were labelled Hundredweight Hill and Nuggetty Flat.

#### **Population boom**

By the end of 1852, 90,000 newcomers had flocked to Victoria in search of gold. Provincial cities like Ballarat and Bendigo grew, bringing railways, roads, libraries, theatres, art galleries, and stock exchanges.

In the 1850s the heaviest traffic in Australia was on the road from Melbourne to Bendigo, and by the 1880s, Melbourne was christened 'Marvellous Melbourne' – one of the world's biggest, booming, and cosmopolitan cities of the era.

The legacy of the gold rush era is evident at Sovereign Hill, Central Deborah and other gold-themed attractions such as Carmen's Tunnel near Maldon, and in the towns and bush, buildings, ruins and relics of the gold rushes are everywhere.

## 2.2 Corporate Objectives

The Corporate Objectives of Victorian Gold Mines are:

- To review current projects and targets with the goal of optimising returns by re-establishing mining operations as quickly as possible. This includes re-timbering shafts, driving new adits and extending mine development. The company will be participating in limited drilling and minimizing overheads by quickly relinquishing targets and licences once they become non-viable.
- To secure new projects and prospects by applying for new licences, acquiring existing licences and projects and via joint ventures.
- Focus on underground development and bulk sampling of existing mining licences with the intention of outlining minable gold resources that can quickly be brought to a sustainable production phase.

### Overview of the projects

Tenement Name	Tenement No.	Minerals
Bright	EL 5188	Gold
Wedderburn	MIN 5471	Gold
	EL 5116	Gold
	MIN 4611	Gold
	MIN 5068	Gold
Moliagul	MIN 5371	Gold
Great Southern Sheeps Head	MIN 4986	Gold

### Exploration Strategy

All of the Company's tenements include sites of past alluvial and reef gold production. The Oriental and Mt Orient mines at Bright within EL 5188 recorded historical production of 58,824oz and 17,000oz respectively. The other tenements have all produced high grade smaller deposits.

Underground access via shaft or adit is immediately available on the Bright, Allenvale Reef, Christmas Reef , Edmunds Mine and Great Southern Sheeps Head project areas.

Prospective drill targets that justify immediate additional investigation are available on the Bright tenement.

The Company's exploration budget will be focused on defining a resource or resources by drilling, surface open cut and underground sampling on targets that can be most immediately brought into production to provide a cash flow. Trial bulk sampling will be used as an immediate means of defining the potential of a resource.

## EL 5188 - Bright Project

### Introduction

Exploration Licence No.5188 is located approximately 300 kilometres north of Melbourne and 4 kilometres south of the snowfields town of Bright in north east Victoria. The tenement area is 4 square kilometres. The licence which is completely within State Forest, is topographically dominated by a ridge line rising from 400 metres in the Ovens River valley to over 850 metres above the Oriental Mine. Reliable vehicle access is limited to a single ridge line track that is open to 4wd year round.

The tenement area is considered prospective for high grade/low tonnage gold deposits as have been historically worked.

Underground sampling and assay of quartz reefs exposed by the Peabody, Crimeen New Victoria and Mt Orient adits have returned high grade gold values that are available for immediate bulk testing.

The Peabody, Crimeen New Victoria and Mt Orient adit workings are proposed to be the initial targets of exploration and mining in the Bright tenement.

### Mining History

The tenement area contains 20 reef lines mapped as being auriferous.

These include the Wallace, Lucky Jack, Railway, Surprise, Gladstone, Victoria, Scandinavian, Berkshire, Federal and Commonwealth, Lord of the Hills, Penzance, Duke of Northumberland, Mundic, Tramway, Harp of Erin, Three Mile, Faulkner's and Reliance reefs.

The total recorded production from these reefs is in excess of 78,000oz of which the Oriental, the most productive mine on the Bright Goldfield contributed 58,824 ounces. Grades averaged around 1oz/ton.



The majority of quartz reefs in this area were discovered and developed by under capitalised individuals or syndicates leaving scope for the implementation of modern exploration and mining methods.

The four main underground workings within the tenement are the Oriental, the Peabody, the Mt Orient and the Gladstone.

The Oriental Reef has been adit tested to 1,400ft (426m) below its outcrop. At this level it proved uneconomic (4.5g/t) for the gold price at that time. The Long Tunnel which intersects the Oriental Reef at its lowest tested level, is 4,029ft (1,228m) long.

Negligible development of 4 lines of reef intercepted by the 350m long Peabody Adit produced 2,657 oz from 2,864tons. Near surface workings on the Victoria Reef have an additional recorded production of 2,348oz at a grade of 1oz 11dwt per ton.

The Mt Orient workings which intersect the Mt Orient, Three Mile, Tramway, Mundic and Faulkner reefs, have a recorded production of in excess of 12,000oz.

Little is recorded for the Gladstone reef except that it produced 1,700oz.

## Geology and Mineralisation

The host lithologies for gold mineralisation are predominantly sandstones and slates of Upper Ordovician age. These sediments have been tightly folded on axes trending between 310 degrees and 340 degrees. Quartz veining is controlled by fissures that tend to follow the strike of the host sediments. Solid quartz reef sections up to 12 metres wide have been recorded.

Shoots of enriched gold mineralisation occur as defined zones within quartz reefs. Grades in excess of 3oz/t have been commonly reported. The recorded widths of mined ore shoots varied up to 5m but were generally between 0.6m and 1.5m. Ore shoot strike lengths up to 100m occur.

Within the oxidised zone gold is free milling. Below the water table the gold is commonly associated with pyrite, arsenopyrite and galena but remains free milling. The narrower (<10cm) zones of quartz /sulphide /gold mineralisation are highly laminated.

Diorite dykes are common with often walls of quartz veining.

## Recent Exploration

Since the gold rush period of the mid to late 1800's only three listed companies have seriously explored the Bright/Harrietville Goldfields - Planet Mining Limited (1969), Crest Resources Australia NL (1995) and Dynasty Metals Australia Limited (2003 -2007). Goldminco Ltd sampled the Mt Orient and Peabody underground reef exposures, in 1998.

Within the area of EL 5188 Crest Resources focused its exploration on the surface exposures of the Oriental Reef. Planet Mining sampling of reef exposures in the Peabody adit returned values of 116.9g/t and 61.2g/t from the Princess Reef, 11.1g/t over 5m from a shear zone (Mullocky) and 9 samples averaging 3.1g/t from the Railway Reef. None of these results have been repeated by more recent (but limited) sampling.

Goldminco sampling in 1998 returned an average of 7.5g/t over a strike length of 27m from the Victoria line in the final reef line drives from the Peabody adit.

In the 1980's a new adit, the New Victoria Adit, was located below the Victoria Reef workings. This adit was planned to intersect the down plunge of the main Victoria Reef ore shoot that averaged over 1oz/t.

Reef line sampling of the newly exposed Victoria Reef returned values to 400g/t. This work was separately mapped and sampled by geologists Terry Potter and Alan Svanosio.

Privately funded extensions were made to the Mt Orient workings at the No.5 Level in 1995. Separate reef exposures returned 5g/t-7g/t, 14.6g/t and 9g/t - 10g/t.

Dynasty Metals completed 2 diamond holes collared on the New Victoria Adit work pad. Inconclusive quartz reef intersections were made with a maximum value of 1.45g/t being returned from core sampling. It is possible that the ore shoot exposed in the New Victoria Adit plunged to the south of the drill hole intersections.

## Exploration Strategy

The primary target of exploration and mining will be high grade (>8g/t) ore shoots immediately amenable to adit access and narrow vein mining methods.

## Proposed Underground Trial Bulk Sampling

Channel sampled and assayed 1oz/t grades are exposed on the crown of the New Victoria Adit and the crown of the end drives of the Peabody adit

Grab samples of reef assaying 8g/t to 14g/t are exposed in the backs of the Faulkner Reef in the Mt Orient Level 5 Adit.

All of these reef exposures could be immediately bulk tested but with differing degrees of difficulty.

The New Victoria Adit ore shoot would require working underfoot by winze.

Sampling of the Victoria Reef exposed in the Peabody Adit would require improvement of the access track and minor underground work to provide safe man and ore haulage.

The Mt Orient would only require minimal road upgrade, surface clean-up and the portal refurbishment.

## Underground Development

A single portal access to the Sunrise, Princess, Wallace, Mullocky, Railway and Victoria Reefs could be provided by an extension of the New Victoria Lower Adit at a level approximately 30m below the Peabody

This option would appear to be the most logical and practical but without the guarantee of ore extending down to this level. Ore shoot extensions could be inferred from overlying workings but it is possible that extensive driving would be required to locate down plunge ore zone extensions.

## Development Plan

### **Stage 1**

Clear and secure safe track and adit access to all exposed reef lines (Peabody, Mt Orient, New Victoria and Lower Crimeen adits).

Sample and assay all exposures.

### **Stage 2**

Drill a diamond hole from the Lower Crimeen Adit pad to locate Surprise, Wallace, Mullocky, Railway and Victoria reef lines.

### **Stage 3**

Apply for multiple mining licences to cover the Peabody and Mt Orient Mine sites.

Commence underground "bulk sampling" and extension of Lower Crimeen Adit under exploration licence.

### **Stage 4**

Granting of mining licences.

Establish resource and commence small scale mining.

## Trial Bulk Testing

The company owns an operational jaw crusher and five head stamp battery on the Mt Orient site.

## Proposed Budget EL 5188 - "Bright Project"

Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,000	7,000
Surface Exploration	8,000	5,000	13,000
Geochemistry	3,000	4,000	7,000
Environmental	24,000	21,000	45,000
Diamond Drilling 1200m	168,000	84,000	252,000
Underground Development and Bulk Sampling	200,000	160,000	360,000
Personnel, Logistics and Administration	21,000	22,000	43,000
	<b>429,000</b>	<b>298,000</b>	<b>727,000</b>

## EL 5116, MIN 5471, MIN 4611 and MIN 5068 - Wedderburn Project

### Introduction

The Wedderburn Goldfield is located 200 km north west of Melbourne and 65 km west of Bendigo. The four tenements, (one exploration licence and three mining licences) include 5 past gold productive reef lines.

MIN 5471, MIN 5068 and MIN 4611 contain either operational shafts or adits that access past productive reef lines. The tenements are considered prospective for high grade low tonnage gold deposits as have been historically worked. The association of indicators with enriched zones will be investigated.

### Goldfield Geology

The Wedderburn Goldfield is contained within a north-south belt of Lower Ordovician sediments intruded and extensively metamorphosed by Devonian granites that outcrop on all sides of the area. The Ordovician sediments consist of bedded shales, mudstones, siltstones and sandstones generally deeply weathered. Immediately flanking the granites these sediments have been altered to siliceous hornfels and micaceous schists. These grade to nodular schists and phyllites. Gneiss occurs in direct contact with the granites. The extent of alteration indicates that the granites underlie a large portion of the goldfield.

Structurally these sediments have been tightly folded into anticlines and synclines. Axes are generally between 50m and 100m apart. Bedding dips vary between 65deg and vertical and strike vary from 340deg to 10deg but are usually around 5deg. Major displacement faulting has not yet been recognised. Minor slip faulting commonly occurs on one or both limbs of folds usually within a short distance from the fold axis. Cross faulting of minor displacement has also been recorded.

Pliocene gravels, sands, silts and clays, some exhibiting laterised profiles, occur sporadically across the area. They are generally found above the level of present drainage and in some areas form resistant hill cappings. They have at some locations been found to be richly auriferous being the palaeo beds of old drainage lines.

Quaternary clays, silts, sands and gravels in fill current drainage flats and flood plains. Auriferous leads within these sediments have been found to be outstandingly rich having derived their gold from both primary reef sources and reworked Pliocene leads.

## Mineralisation

Other than from alluvial sources gold has been found to economically occur in a free state within quartz reefs. The major reef lines occur within conduits produced by slip faulting. Some reef lines are persistent over strike lengths greater than 1 km. This reef type is commonly characterised by one smooth wall of laminated quartz, often the hanging wall, extending to an ill defined second wall of spurs and quartz stringers. Other minor veining occurs within tension joint and cross faults. Of the major production reefs few have been found to exceed 1m in width and of those that do, economic gold values have been confined to a narrow section on one wall.

Gold enriched shoots and pockets have been found to occur where "indicator" beds intersect the reef lines. Gold enrichment may occur on either reef wall. Larger shoots occur where the "indicator" bed is coincident with the reef line. The "indicators" are conformable beds of black or blue, sometimes leached white shale or slates associated with thinly laminated quartz veins. They can vary in width from less than 1cm to 25cm, averaging between 3cm and 5cm. "Indicators" have been shown to be graphitic and to carry detectable gold which may have a bearing on the mechanism of gold deposition within the quartz reefs. Not all apparent indicators are associated with gold enrichment at their intersection with quartz reefs. Owing to the generally thin nature of quartz veins and the indicator beds, ore shoots and pockets are likely to be of limited tonnage although high grade.

Other forms of gold mineralisation have been reported. In the near surface zones of quartz reefs proven to be auriferous, rich pockets of gold have been found to occur in locations that appear to be unrelated to known "indicators". These pockets are probably the result of secondary enrichment and appear from records to occur in all auriferous reefs in the area.

## EL 5116 and MIN 5471 - "Allenvale Reef"

EL 5116 contains the workings of Cockies and Franklin alluvial lead workings.

Allenvale Allenvale Reef was discovered 29metres below these Tertiary deposits.

This reef was 17ft wide at 35ft. A 10 ton crushing at this depth returned 13.5 oz of gold. Later workings at 100ft returned 40oz12dwt from 10tons. The last reported stone taken from below the water table returned 5oz3dwt to the ton. The average grade for all reported ore crushed exceeds 1oz/t.

Three shafts, Cameron's, Sullivans and Longs, over a strike length of 125m were eventually sunk on the reef. Only Camerons went below the water table. The ore shoot is interpreted to be north plunging.

Huang Jin Mining Pty Ltd reopened and deepened Longs, the northern most shaft to 114ft in 2009. A reef has been intersected in the bottom of the shaft.

## Exploration Potential - Allenvale Reef

A boudinaged quartz vein set of a minimum of 200 meters strike length occurs within the area of the Cameron's/Sullivan's/Long workings. The reef width varies between 0.5m and 5m having an assumed average width of 1.5m.

## MIN 4611 and MIN 5068 - "Christmas Reef and Edmunds Mine"

MIN 4611 and MIN 5068 include historic workings on the Annie Jones, Grant and General Grant reef lines and an extension of the Christmas Reef.

The tenement areas are considered prospective for high grade low tonnage gold deposits as have been historically worked.

Chip samples taken from and exposed reef in Edmunds Mine have returned assays of 4g/t, 7g/t and 11 g/t gold.

## Mining History

Annie Jones Reef has reported productions ranging from 2.5 dwt to 11dwt/ton.

Production from General Grant reef varied from 5 to 22dwt/ton.

Edmonds Reef is reported to have produced 56oz from 56ton of reef.

Ludlow's reef which should cross the MIN has a reported production of 15oz from 12 tons.

## Exploration Strategy

Quartz vein intersections with "indicator" beds or black pyritic carbonaceous shales have historically been proven within these tenements to be sites for enriched gold mineralisation.

The use of modern drilling, geophysical and computer based structural interpretation will be used to predict the location of such intersections.

## Trial Bulk Testing

The company has a contractual arrangement to use a 3 tonne per hour test plant located on the Christmas Reef tenement. This plant consists of a jaw crusher, rod mill, Wilfrey table, and Knudson bowl.

## Proposed Budget - EL 5116, MIN 5471, MIN 4611 and MIN 5068 "Wedderburn Project"

Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,000	7,000
Geophysical Survey and Interpretation	5,000		5,000
Geochemistry	1,500	2,000	3,500
Environmental	3,500		3,500
RC/Air Core Drilling	43,000	20,000	63,000
Diamond Drilling	60,000	20,000	80,000
Underground Development and Bulk Sampling	150,000	50,000	200,000
Personnel, Logistics and Administration	24,000	15,000	39,000
	<b>292,000</b>	<b>109,000</b>	<b>401,000</b>

## MIN 5371 - "Moliagul Project"

### Introduction

The Moliagul Goldfield is the location of the discovery of the "Welcome Stranger" Nugget.

MIN 5371 is located 200m on line from the discovery site. Pike's Indicator line which is probably related to the source of the Welcome Stranger crosses the licence. Surface workings indicate that three reef lines cross the licence.

The tenement area is considered prospective for high grade low tonnage gold deposits as have been historically worked.

### Goldfield Geology and Mineralisation

Locally the rock formations are Ordovician slates and sandstones which in proximity to the Mt Moliagul granodiorites have been altered to hornfels and schistose rocks.

Little structurally of these sediments is known except that they would have been tightly folded into anticlines and synclines on north south axes.

Quaternary clays, silts, sands and gravels in fill current drainage flats and flood plains. Auriferous leads within these sediments have been found to be outstandingly rich in alluvial gold.

Four Ordovician hosted "indicator beds" have been reported to cross the Moliagul Goldfield and MIN 5371.

Pike's Indicator occurs within this noted gold rich belt. The indicators which cross MIN 5371 is described as half-inch brown iron oxide veins or seams associated with a bedded quartz vein as thin as a knife blade. They occur in soft talcose yellow slate streaked with red iron staining of oxide of iron. Slight alteration is evident in some of the slates and patches of bright red iron oxide and kaolin were noted. The strike of the indicators is N10degW and dip between 80deg W and 85deg E.

Enriched pockets of gold hosted by quartz reefs such as 11oz, 300oz and 60oz occur where "indicator" beds intersect spurs coming off vertical fissure reefs. The gold is believed to be free milling.

### Exploration History

Prospecting by parties and more recently metal detection by individuals has been more or less continuous since the first discovery of gold. No major mining company has reported exploration results for ground covered by MIN 5371.



## Exploration Potential

Potential is difficult to define as few mines were worked below the water table.

The largest mine in the area, the Queens Birthday at Goldsborough, produced 100,504 ounces to a depth of 610ft. Ore shoots in this mine were associated with a carbonaceous shale bed that has been mapped as occurring continuously for 4km north of the mine. This shale bed has been assayed as being anomalous for gold.

The Matrix Mine north of Moliagul, on similar indicators to Moliagul, produced 2,400 ounces of gold.

## Exploration Program

A multiple hole RC and diamond drilling program totalling approximately 1,200m is proposed.

An initial orientation program of a fence line of up to three short holes to 50m deep will be drilled at 60deg on a bearing of 80deg magnetic to locate the reef structure approximately 20m south of the Mystery Shaft.

Subsequent diamond and RC drilling will be planned on the results of these holes

## Proposed Budget - MIN 5371 "Moliagul Project"

Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,500	7,500
Geophysical Survey and Interpretation	1,500	1,500	3,000
Surface Exploration	2,500	2,500	5,000
Geochemistry	1,000	1,000	2,000
Environmental	2,500		2,500
RC/Air Core Drilling	36,000	36,000	72,000
Diamond Drilling	44,000	15,000	59,000
Personnel, Logistics and Administration	14,000	5,000	19,000
	<b>106,500</b>	<b>63,500</b>	<b>170,000</b>

## MIN 4986 - "GREAT SOUTHERN SHEEPS HEAD"

### Introduction

The Great Southern Sheeps Head project consists of a single granted mining licence located at the southern end of the Bendigo Goldfield.

A shaft and drives within the tenement have been recently refurbished with underground access immediately available.

### Geology and Mineralisation

Structurally the geology is dominated by the Sheeps Head Anticline.

The Ordovician sediments are dark to carbonaceous slates and coarse sandstones. Quartz reefs consist of a series of shallow west dipping spurs emanating from a steep west dipping fault. Reef between 2ft and 4ft wide have been historically worked for a strike length of 22.9m.

Multiple backfilled shafts of indeterminate depth occur within the area of the licence. The North Red White and Blue company which sank a new shaft to 33.5m (100ft) to prospect saddle formations on the Sheeps Head Anticline ceased underground operations in 1939 without fulfilling their objective.

In 1990 the No.2 shaft of the Three J's mine was rehabilitated to 16.8m

Gold production from the licence area is not recorded.

### Proposed Work Program

The underground workings are in a condition that would allow immediate underground development. Bulk sampling is proposed to determine the grade of the exposed reef lines.

A two hole diamond drilling program and a RC program is proposed to explore for saddle reef systems associated with the Sheeps Head Anticline.

## Proposed Budget MIN 4986 - "Great Southern Sheeps Head"

Activity	Year 1	Year 2	Total
Research Interpretation Modeling	2,500	2,500	<b>5,000</b>
Surface Exploration	3,000	3,000	<b>6,000</b>
Geochemistry	1,500	1,500	<b>3,000</b>
Environmental	2,000		<b>2,000</b>
RC/Air Core Drilling	45,000	15,000	<b>60,000</b>
Diamond Drilling	63,000	63,000	<b>126,000</b>
Underground Development and Bulk Sampling	80,000	45,000	<b>125,000</b>
Personnel, Logistics and Administration	21,000	16,000	<b>37,000</b>
	<b>218,000</b>	<b>146,000</b>	<b>364,000</b>

## 3. Board and Management

### 3.1 Victorian Gold Mines NL and its Board

The Company has assembled a highly experienced Board with Directors having significant board experience with listed resource companies.

The Board is responsible for the corporate governance of the Company, including its strategic development. The Board comprises three members, two of which will have executive and management function. The Board is responsible for setting corporate strategy. It establishes goals for management and monitors performance against these goals.

### 3.2 Profile of Directors, Company Secretary and Executive Management

#### **Kevin Nichol– Chairman**

*B.Comm (Hons) CFA*

After finishing his honours thesis in the energy sector, Kevin worked as a financial analyst for the late Kerry Packer's private company, Consolidated Press Holdings Pty Ltd (now Consolidated Media Ltd). In the mid 80s he joined Norths Stockbrokers, where he learnt his trade in the marketplace as an advisor. Kevin also spent several years on the trading floor of the Sydney Futures Exchange and traded commodities as well as interest-rate futures for several banking houses.

Recently, Kevin has been involved in raising funds for several mining floats, as well as associated corporate advisory roles in other listed companies. In October 2008 he left his latest role as founding Managing Director of listed Bowen Energy Ltd and has concentrated on companies involved in the mining industry.

Kevin has been involved in corporate, institutional and private client advisory roles as well as research for several broking and investment houses during the past 25 years. He is widely experienced in the equities market with substantial capital raising experience, in particular in the resource sector. He brings to the Board many years of market knowledge.

#### **Douglass Cahill - Managing Director**

*LLB*

Doug Cahill is an admitted Solicitor who has practised in Bendigo for his entire career and has a long and studied knowledge of the gold industry in Victoria commencing in 1974. He is a former, original director of the Prospectors Mines Association and has been past director of the Bendigo Stock Exchange and Bendigo Mining N.L. of which he was a founding director. He was also a founding director of Greater Bendigo Gold Mines Ltd. Doug brings with him an in-depth understanding of the gold mining industry from a legal, regional and hands-on perspective.

### **Peter Avery – Non-Executive Director**

Peter Avery has over 20 years professional experience within the stockbroking industry. During the previous 10 years, Peter has held a senior role as a private client advisor at Perth broking firm, DJ Carmichael (DJC). Prior to joining DJC, Peter developed specialist skills as an equity advisor at Todd Partners managing client portfolios.

Peter's industry experience includes extensive capital raisings within the resource and mining sectors and he holds a Diploma of Financial Planning from Deakin University.

### **Michael Trifunovic - Company Secretary**

*B.Comm (Economics/Finance) (Hons) MBA*

Michael began his career in the financial markets as a stock/options operator working in the trading room of Bain & Co which subsequently became Deutsche Bank. During this period Michael learned the foundations of financial markets and their workings as well as trading. Subsequently, Michael was recruited to work at Morgan Stanley where he was the Head Institutional Operator and played an instrumental role in establishing the Morgan Stanley equity trading business in Sydney. While at Morgan Stanley he moved to a number of key roles which included institutional sales trading, portfolio and transition management as well as arbitrage.

On leaving Morgan Stanley, Michael completed a full time MBA at the AGSM. Michael then began work at Russell Investment Group as Manager of Portfolio Implementation and most recently he held the role of Portfolio Manager. While at Russell Investment Group, he played a key role in building the business in Sydney, managed numerous investment assignments on behalf of clients as well as establishing a number of investment funds.

Michael has been directly involved in financial markets for the last 15 years, and brings with him a broad range of knowledge and experience both from investment banking and funds management .

## Executive Management

### **Richard Alan Svanosio – Senior Geologist**

*Dip.App.Geol. BSc, Mem AIG*

Mr Svanosio has 39 years experience as an Exploration Geologist working principally as a contractor/consultant but always in a geological management position designing and undertaking exploration programs in commodities that have included gold, base metals, nickel, uranium, iron ore, serpentinite and gypsum.

These years of experience have encompassed all aspects required of his profession including conceptual targeting, property acquisition, evaluation and negotiation of joint venture agreements, the planning and management of exploration programs that included airphoto interpretation, geological mapping, geophysical and geochemical programs, major drilling programs, ore body modeling, resource/reserve estimations, site reclamation, report preparation, presentations to stockbrokers and shareholders, ASX reporting and preparation of Prospectus reports.

## 4. Risk Factors

This section describes the areas the Company regards as potential risks associated with an investment in the Company. These risk factors may impact upon the future performance of the Company and while some of these risks may be mitigated through the use of contingency plans and safe guards, some of the risks are outside of the control of the Company and cannot be mitigated. Intending subscribers to the Offer should carefully consider the following risk factors in light of the whole of this Prospectus before applying for shares. There can be no guarantee that the Company will achieve its stated objectives and that any forward looking statements will eventuate. An investment in the Company should be considered speculative.

### 4.1 General Risks

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. The exploration and development of natural resources is a speculative activity that involves a high degree of risk.

#### **Stock Market Risk**

Intending subscribers and prospective investors should be aware that there are risks associated with investments in companies listed on ASX. The price of the securities of a publicly traded company can be highly volatile and the value of the Company's securities can be expected to fluctuate depending on various factors, and therefore the price of the Company's securities may trade below or above the offer price.

Various factors that may affect the market price of the Company's securities include exploration results, changes in commodity prices, stock market sentiment, general economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, market conditions that affect the mining industry worldwide.

#### **General Economic Conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance to the Company.

The Company's performance may be influenced by changes in inflation, interest rates, exchange rates, business cycles and taxation.

### **Domestic Economic Conditions**

It is possible that a general downturn in the Australian economy will affect the performance of the Company and as such the market value of securities in the Company. Alterations in government fiscal, monetary and regulatory policies, and changes in interest rates may also affect the performance of the Company.

### **Ongoing Financial Requirements**

The Company anticipates that its existing resources, together with the net proceeds of the Offer will enable it to carry out its planned operations. However further funding, either joint venture financing, debt, equity, or sale, or a combination of these may be required for the ongoing development of the Company's projects.

However, the Company's future financial requirements will depend upon various factors including the performance of the mining operation fluctuations in the gold and currency markets, and general business conditions.

Should the Company need to raise additional funds there can be no assurance that additional funds would be available on a timely basis, on favourable terms or at all, or that such funds, if raised, would be sufficient to enable the Company to continue to implement its business strategy. If adequate funds are not available, the Company's business will be materially and adversely affected.

### **Government Policy and Legislative Changes**

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy.

### **Unforeseen Expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

#### **Commodity Price Risk**

The Company's prospects and share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse affect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

### **Environmental Risks**

The Company's projects are subject to Australian laws and regulations in relation to environmental matters, which means there are potential liability and project risks. The Company proposes to comply with applicable laws and conduct its programs in a responsible manner with regard to the environment. However, the Company may be:

- (a) subject to potential liability related to the mining and extraction of gold and other metals by the Company; or
- (b) prevented from exploration or mining due to the environmental impact of its activities on an area.

Any such developments might impact adversely on the Company's Share price.

## **4.2 Specific Risks**

Intending subscribers should be aware that an investment in the Company involves many risks which may be higher than the risks associated with an investment in other companies. The specific risk factors that should be taken into account in assessing the Company's activities and investment in the Company include but are not limited to the following:

### **Exploration and Operational Risks**

By its nature, the business of exploration is a speculative endeavour and involves significant risks. Prosperity depends on the successful exploration and/or acquisition of resources or reserves, competent operational management, and efficient financial management. Further, the nature of the business of exploration can sometimes result in industrial accidents and other incidents beyond the control of the Company.

There can be no assurances that the proposed project exploration and trial mining programs described in this Prospectus, or any other projects or tenements that the Company may acquire in the future, will result in the discovery of a significant ore deposit. Even if a significant ore deposit is identified, there can be no guarantee that it can be economically exploited.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation, obtainment of necessary titles and access and government and other regulatory approvals. The exploration and mining activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of exploration funding.

### **Mine Development Risk**

Possible future development of mining operations at any of the Company's projects is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or



increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding. If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, fires, explosions, adverse weather conditions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and precious metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its tenements or projects.

### **Exploration Targets**

The geological characteristics of the Company's gold and metal targets at the various locations covered by the Tenements appear to have similar characteristics to locations where established exploration and mining operations are being successfully conducted. Similarity of geological characteristics is not determinative of any similarity in actual mineral resources. Whilst those characteristics may encourage explorers like the Company to commit expenditure to drilling programs, it must be appreciated that a substantial and real risk still exists that no viable resource will be identified. As such, it is important that geological similarities be appreciated in the context that they only provide an indication rather than any determinative evidence of any viable outcome.

### **Tenement Interests**

The Company's interests in the Tenements are contractual only. Accordingly there is a risk that the counterparty may be unwilling or unable to comply with the terms of the Material Contracts. There are no certainties that the Company will be able to obtain adequate damages or specific performance in the case of such default and this may have a material impact on the value of the Company and its Shares.

### **Hazards**

The Company, as an active participant in exploration and mining programmes, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. The Company may incur a liability to third parties (in excess of its insurance cover) arising from pollution, environmental damage or other damage or injury.

### **Contractors**

The Company is dependant on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and

suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the mining operation.

### **Reliance on Key Personnel**

In formulating its exploration and mining programs, the Company relies to a significant extent upon the experience and expertise of the Executive Directors and management.

These persons possess knowledge of many of the Company's Tenements through extensive personal experience of prospecting in those areas.

Although information concerning the Company's Tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programs within the timeframes and within the cost structure as currently envisaged.

Although the key personnel have a considerable amount of experience and have previously been successful in their pursuits of important prospecting discoveries, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

### **Employees**

The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. Whilst the Company has entered into employment contracts with key employees, the retention of their services cannot be guaranteed. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations.

### **Tenements**

A failure to adhere to the statutory expenditure requirements identified in Section 5 of this Prospectus will, unless an exemption is granted, make one or more of the Tenements subject to possible forfeiture.

### **Resource Estimations**

Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its projects.

### **Native Title, Aboriginal Heritage and Heritage**

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and mining activities, or obtain exploration or mining licences. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation. In carrying out exploration and/or mining operations it must observe Native Title legislation (where applicable), Aboriginal Heritage legislation, and Heritage legislation which protects sites and objects of significance.

Native title claims VC99/9 and VC00/1 have been registered in respect of mining licence 5371. This issue is more fully described in section 8 of this Prospectus. Mining licence 5371 is also subject to a registered indigenous land use agreement. The key terms of this agreement are explained in section 9 of this Prospectus. Compliance with the terms of this agreement may adversely affect the financial position and performance of the Company.

### **Tenure and Access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for tenements will be approved.

The Company's Tenements are subject to numerous Victorian specific legislative conditions. The renewal of the term of a granted tenement is also subject to discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

### **Joint Ventures**

The Company may wish to develop its projects or future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

## 5. Financial Information

### 5.1 Background

The Company was incorporated on 3 September 2009 for the purpose of raising equity capital to carry our exploration, mining, and evaluation of certain gold mining tenements in Victoria. Since incorporation, Victorian Gold Mines has not traded other than to issue shares to its founders and seed investors and arrange the purchase and license of interests in various exploration tenements and plant and equipment. The acquisitions are all subject to a capital raising pursuant to this Prospectus.

### 5.2 Basis of Preparation

The financial information included in this section of the Prospectus has been prepared by the Directors and comprises the pro forma balance sheets of Company as set out below. The pro forma balance sheets have been prepared in order to provide investors and their advisors with information to assist in their assessment of the assets and liabilities and capital structure of Victorian Gold Mines on completion of the capital raising. The financial information should be read in conjunction with the risk factors set out in Section 4 and the Independent Accountant's Report on the financial information set out in Section 6.

The pro forma financial information of Victorian Gold Mines has been presented in an abbreviated form. It does not contain all the disclosures required by Australian Accounting Standards, as issued by the Australian Accounting Standards Board applicable to annual financial reports prepared in accordance with the Corporations Act.

### 5.3 Pro Forma Balance Sheet

Set out below are the pro forma balance sheets of the Company as at 23 October 2009 assuming the minimum and maximum capital raising contemplated by this Prospectus and other transactions as summarised in note 2 below.

	Notes (Section 5.4)	Pro Forma as at 23 October 2009	
		Minimum \$	Maximum \$
<b>Current assets</b>			
Cash and cash equivalents	3	1,800,403	2,552,403
<b>Non-current assets</b>			
Deferred exploration and evaluation costs	4	550,000	550,000
<b>Total assets</b>		<b>2,350,403</b>	<b>3,102,403</b>

	Notes (Section 5.4)	Pro Forma as at 23 October 2009	
		Minimum \$	Maximum \$
<b>Liabilities</b>		-	-
<b>Net Assets</b>		<b>2,350,403</b>	<b>3,102,403</b>
<b>Equity</b>			
Contributed equity	5	2,350,403	3,102,403
Accumulated losses		-	-
<b>Total equity</b>		<b>2,350,403</b>	<b>3,102,403</b>

The accompanying notes form an integral part of the pro forma balance sheets.

## 5.4 Notes

### 1. Summary of Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of the pro forma financial information of Victorian Gold Mines are:

#### (a) Basis of accounting

The pro forma financial information has been prepared in accordance with the recognition and measurement (but not all the disclosure) requirements of applicable Australian Accounting standards and other mandatory financial reporting requirements in Australia using the accrual basis of accounting including the historical cost convention and the going concern assumption.

#### (b) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

**(c) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(d) Exploration and evaluation costs**

Exploration and evaluation costs incurred are accumulated separately for each area of interest. The costs are carried forward as an asset where rights to ensure of the area of interest are current and where such costs are expected to be recouped through successful development, or by sale; or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves; and active and significant operations in or in relation to the area of interest are continuing. The realisation of the value of costs carried forward depends upon any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration and evaluation costs relating to the area are written off.

**(e) Contributed equity**

Share capital in respect of ordinary shares is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(f) Equity settled compensation**

Shares and share options issued as part of employees' remuneration payments or to other counterparties in return for goods and services are measured at the more readily determinable fair value of good/service or the fair values of the equity instrument.

**2. Assumptions Used in Preparing the Pro Forma Balance Sheets**

The pro forma balance sheets of Victorian Gold Mines have been prepared as at 23 October 2009 as if the following transactions had taken place at that date:

- Issue of 9,000,000 fully paid ordinary Shares at 0.01 cents each for cash (\$900.00) to the founders.
- Issues of 4,830,000 fully paid ordinary Shares at 5 cents each for cash (\$241,500) to the seed investors.
- The issue of 750,000 ordinary shares at 20 cents each (\$150,000) and payment of \$400,000 cash as consideration for the acquisition of plant, equipment and tenements. For pro forma purposes, the consideration

of \$550,000 has been allocated to deferred exploration and evaluation costs as the fair value of the tenements and plant and equipment.

- Payment of costs associated with the preparation of this Prospectus and capital raising which is estimated to be in total \$242,000 (Minimum Subscription) \$290,000 (Maximum Subscription).

### 3. Cash and Cash Equivalents

	Pro Forma as 23 October 2009	
	Minimum \$	Maximum \$
Cash and cash equivalents	1,800,403	2,552,403
<b>Reconciliation of movement in pro forma cash assets:</b>		
Proceeds on initial subscription of Shares	3	3
Proceeds from the issues of Shares		
to founders	900	900
to seed investor	241,500	241,500
pursuant to this Prospectus	2,200,000	3,000,000
Payment of estimated costs associated with the shares issue	(242,000)	(290,000)
<b>Pro forma cash and cash equivalents</b>	<b>1,800,403</b>	<b>2,552,403</b>

### 4. Deferred Exploration and Evaluation Costs

Deferred exploration and evaluation costs comprise plant and equipment, exploration and mining licences as follows:

Held by	Mining Tenements	Status	% Interest	Deferred Exploration and Evaluation Cost \$
Huang Jin Mining Pty Ltd	EL 5188 and plant and equipment	Granted	100%	490,000
	MIN 5471, EL 5116	Granted	90%	
Douglass Cahill and Robert Palmer	MIN 5371	Granted	100%	10,000
James McNamara	MIN 4986 and plant and equipment	Granted	100%	50,000
<b>Total</b>				<b>550,000</b>

## 5. Contributed Equity

Share capital	No. of Shares		Pro Forma as at 23 October 2009	
	Minimum	Maximum	Minimum \$	Maximum \$
Fully paid ordinary shares	25,580,003	29,580,003	2,350,403	3,102,403
<b>Reconciliation of share capital</b>				
Issued on incorporation	3	3	3	3
Issued to founders	9,000,000	9,000,000	900	900
Issued to seed investors	4,830,000	4,830,000	241,500	241,500
Issued on acquisition of minerals tenements	750,000	750,000	150,000	150,000
Issued pursuant to this Prospectus	11,000,000	15,000,000	2,200,000	3,000,000
Costs associated with the share issue			(242,000)	(290,000)
<b>Pro Forma share capital</b>	<b>25,580,003</b>	<b>25,580,003</b>	<b>2,350,403</b>	<b>3,102,403</b>

## 6. Commitments for Expenditure

In order to maintain an interest in the exploration tenements in which Victorian Gold Mines is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure and obligations of Victorian Gold Mines are subject to the minimum expenditure requirements of the relevant regulatory bodies and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectively of the relevant area of interest. The obligations are not provided for in the accounts.

	Pro Forma as at 23 October 2009	
	Minimum \$	Maximum \$
<b>Minimum statutory expenditures with respect to mining tenure</b>		
Due 1 year	170,076	170,076
Due 2nd year	137,076	137,076
<b>Total</b>	<b>307,152</b>	<b>307,152</b>



The amounts referred to in the previous table:

- do not include the statutory expenditure for recently granted or amalgamated Tenements where expenditure requirements have not been set by the applicable Government authority as at the date of this Prospectus.
- do not include statutory expenditure requirements for any tenement in which the Company may acquire an interest in the next 2 years.
- do not include future statutory expenditure obligations for any Tenements that are due to expire within the next 2 years.

Refer also to the Independent Geologist's Report regarding proposed exploration expenditures. Various tenements may also be subject to Native Title claims as outlined in the Independent Geologists Report and in Section 9 Risk Factor.

## 7. Related Party Transaction and Interests

### Directors

The Directors of Victorian Gold Mines NL, together with details of the number of Shares acquired or to be acquired by the Directors and/or their associates at the date of this Prospectus, are as follows:

Director	Shares Issued to Directors	No. of Shares Held
Douglas Cahill	- issued as founder shares - issued as seed capital - issued on acquisition of MIN 5371	3,000,001 400,000 25,000
Kevin Nichol	- issued as founder shares	1,750,001
Peter Avery	- issued as founder shares	3,000,001

The Directors have been allocated Share either directly or indirectly as set out above. The Directors reserve the right to subscribe for securities under this Prospectus.

### Directors' remuneration

As at the date of this Prospectus, there were no contractual obligations for Victorian Gold Mines to remunerate any Directors other than Directors' fees of \$60,000 per annum, except as noted below.

Mr Nichol is entitled to \$90,000 per annum for his services as a Director of the Company, pursuant to a consultancy agreement which becomes operative upon a successful listing of the company on the ASX.

Mr Cahill is entitled to \$150,000 per annum for his services as a Managing Director of the Company, pursuant to a service agreement which becomes operative upon a successful listing of the company on the ASX.

No remuneration is payable to any Director for services rendered up to the date of this Prospectus.

## **8. Revenues, Expenses and Cash Flows**

Victorian Gold Mines will have no significant revenues, expenses or cash flows other than the receipt of founder and seed capital subscriptions until quotation of its Shares.

Cash from founders and seed investors was received between 23 September 2009 and 23 October 2009.

## 6. Independent Accountant's Report



The Directors  
Victorian Gold Mines NL  
7-9 View Point  
BENDIGO VIC 3550

Dear Sirs

### Independent Accountant's Report

#### 6.1 Introduction

We have prepared this Independent Accountant's Report (**Report**) at the request of the Directors of Victorian Gold Mines NL (**Victoria Gold Mines** or the **Company**) for inclusion in a Prospectus to be dated on or about 23 October 2009. The Prospectus invites participation in the issue by Victorian Gold Mines of 11,000,000 ordinary Shares (**Minimum Subscription**) to 15 million ordinary Shares (**Maximum Subscription**) at an issue price of 20 cents per Share.

Expressions defined in the Prospectus have the same meaning in this Report.

We have prepared this Report on the financial information as set out in Section 5 of the Prospectus. As outlined in Section 5.1, Victorian Gold Mines NL has only recently been incorporated and has not traded since inception other than to issue shares to its founders and seed investors and arrange the purchase of interests in various exploration tenements, subject to a capital raising in accordance with this Prospectus. Victorian Gold Mines will acquire the exploration and mining licences contemplated in this Prospectus by acquiring a direct interest.

#### 6.2 Pro Forma Balance Sheet

The Directors have included in Section 5 of the Prospectus pro forma balance sheets of Victorian Gold Mines based on Minimum and Maximum Subscriptions as contemplated by the Prospectus. The pro forma balance sheets assume certain adjustments for selected actual and pro forma transactions. The basis on which the pro forma balance sheets have been prepared is more fully set out in Section 5.4 (note 2) of the Prospectus.

The pro forma balance sheets are presented in an abbreviated form and do not include all of the disclosures required by Australian Account Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

The Directors are solely responsible for the preparation and presentation of the pro forma balance sheets, including the adjustments for the selected actual and pro forma transactions incorporated into the pro forma balance sheets. The pro forma balance sheets have been prepared for inclusion in the Prospectus. Victorian Gold Mines NL disclaims any assumption of responsibility for any reliance on this Report or on the pro forma balance sheets to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the Prospectus.

This Report relates only to the pro forma balance sheets and does not extend to any other financial information included in the Prospectus.

### 6.3 Scope

We have conducted an independent review of the pro forma balance sheets in order to report whether, on the basis of procedures described, anything has come to our attention which causes us to believe that the pro forma balance sheets, as set out in Section 5 of the Prospectus, do not present fairly the pro forma financial position of Victorian Gold Mines as at 23 October 2009.

- on the basis of the financial records of Victorian Gold Mines after allowing for pro forma transactions and/or adjustments; and
- in accordance with the recognition and measurement principles (but not all the disclosure requirements) of applicable Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and the accounting policies adopted by Victorian Gold Mines NL is disclosed in Section 5 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- analytical procedures applied to the financial information;
- a review of the pro forma transactions and/or adjustments;
- a review of the work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and the accounting policies adopted by Victorian Gold Mines as disclosed in Section 5 of the Prospectus; and
- inquiry of Directors, management and others.

The review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## 6.4 Review Statement

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma balance sheets, as set out in Section 5 of the Prospectus, do not present fairly the pro forma financial position of Victorian Gold Mines as at 23 October 2009:

- on the basis of the financial records of Victorian Gold Mines after allowing for the pro forma transactions and/or adjustments; and
- in accordance with the recognition and measurement principles (but not all the disclosure requirements) of applicable Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and the account policies adopted by Victorian Gold Mines NL as disclosed in Section 5 of the Prospectus.

## 6.5 Subsequent Events

Apart from the matters dealt with in this Report and elsewhere in the Prospectus, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of Victorian Gold Mines subsequent to 23 October 2009 have come to our attention that would require comment on, or adjustment to, the information referred to in our Report, or that would cause such information to be misleading or deceptive.

## 6.6 Independence

Andrew Frewin Stewart has been appointed auditor of Victorian Gold Mines, for which services it will receive normal professional fees. AFS & Associates Pty Ltd does not have any interest in the outcome of this Offer other than the preparation of this Report, participation in due diligence procedures and assistance in the presentation of certain financial information for which normal professional fees will be received. The Directors have agreed to indemnify and hold harmless the partners and staff of AFS & Associates Pty Ltd from any claims arising out of misstatement or omission in any material or information provided by AFS & Associates Pty Ltd to the Directors. AFS & Associates Pty Ltd consents to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, the consent has not been withdrawn.

Yours faithfully

**AFS & Associates Pty Ltd**



**Graeme Stewart**

Partner

## 7. Independent Geologist's Report

Chris Young Consulting Pty Ltd

ABN 31 101 135 219

11 Meadow Place

Templestowe 3106

Melbourne, Vic.

Tel: (03) 98463240 (M) 0417114275

E-mail: [chyoung@bluep.com](mailto:chyoung@bluep.com)

30th September 2009

The Directors

Victorian Gold Mines NL

1st Floor 7/9 View Point

Bendigo 3550

Dear Sirs

Chris Young Consulting Pty Ltd ABN 312 101 135 219 (the "author") was commissioned by Victorian Gold Mines N.L (VGM) to provide an Independent Geologist's Report (the Report) of mineral properties in Victoria, in which VGM has, or has the rights to, an interest.

The Report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission (ASIC) on or about 23 October 2009, offering for subscription up to 15 million new fully paid ordinary shares, at an issue price of 20 cents per share, to raise up to \$3 million ("the Prospectus").

The author has based this review of the VGM mineral properties on information provided by VGM, together with technical reports by previous tenements holders, and other relevant published and unpublished data.

The Author has visited sites in Wedderburn, Moliagul and Bright and further site visits were not undertaken. The author is experienced in most aspects of the geology of the Victorian Goldfields. Over the past 30 or so years the author has gained extensive experience in the goldfields of Victoria.

A reference list of the principal sources of information is included. The author has endeavoured to confirm the authenticity of the technical data upon which these reports are based.

The properties in which VGM has an interest, comprise the Mining Leases (MIN) and Exploration Licences, covering an aggregate area exceeding some 20 square kilometres. The legal status, including Native Title considerations,

associated with the tenure of VGM's mineral properties is the subject of separate Reports on Mining Tenements by the independent solicitors which appear in Section 8 of the Prospectus. These matters have not been independently verified by the author. The present status of tenements listed in this Report is based on information provided by VGM, and the Report has been prepared on the assumption that tenement applications will succeed and the areas prove lawfully accessible for exploration.

The Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the Valmin Code), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the rules and guidelines issued by bodies such as ASIC and ASX, which pertain to Independent Expert Reports and in conformity with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM).

VGM's mineral properties all represent Exploration Areas as defined in the Valmin Code, and are therefore inherently speculative in nature. The properties are nevertheless considered to be sufficiently prospective, subject to varying degrees of technical and exploration risk, to justify further investigation of their economic potential. Exploration programs prepared by VGM are regarded as consistent with potential in each instance, provided they are staged appropriately to permit on-going assessment of exploration results. VGM has provided comprehensive programs and budgets for each of its projects covering the next 2 years of exploration, which indicate its intention to spend approximately \$1.6 million over this period. These budgets are considered to be adequate to cover the cost of the proposed programs and maintain the tenements in good standing. VGM intends to use its existing funds for the exploration and development of its mineral properties. VGM has prepared staged exploration programs, specific to the potential of each project, which are generally consistent with VGM's budget allocations. The author considers that the relevant areas have sufficient technical merit to justify the proposed programs and budgets. The proposed expenditures exceed the anticipated minimum annual statutory expenditure commitments on the project tenements for years one and two.

The Independent Geologist's Report has been prepared from information available up to and including 30 September 2009. The author has given consent for the inclusion of the Report in the Prospectus in the form and context in it appears and has not withdrawn that consent before lodgement of the Prospectus with the ASIC.

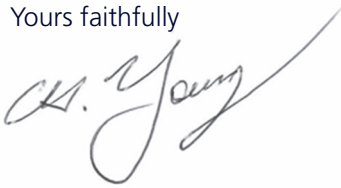
All information conveyed to the author by VGM was warranted to be complete, accurate and true, to the best of its knowledge and understanding; and the author claims indemnity from Victorian Gold against any liability which arises from reliance on information provided by Victorian Gold or due to Victorian Gold not providing material information or otherwise. This indemnity will cover any damages, losses and liabilities related to or arising out of our engagement including any consequential extension of workload through queries, or public hearings arising from the report, other than those arising from bad faith, negligence or unlawful acts on the author's part.

These reports were compiled by Chris Young, Consulting Geologist, who is a geologist with 40 years experience in the exploration and evaluation of mineral properties. Chris Young has either seen or reviewed a majority of the

significant projects for base metals and gold throughout Australia and the Southwest Pacific. He has managed exploration for gold and has a proven record in the identification, evaluation, assessment and acquisition of successful minerals projects, including base metals, gold, mineral sands and nickel. Chris Young is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Chris Young has the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the Valmin Code.

The author has no previous or present interest in VGM’s mineral properties mentioned in this report or in VGM itself. The author’s relationship with VGM is solely one of professional association between client and independent consultant. The reports are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent upon the content of the reports.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Young', written in a cursive style.

**Chris Young**

Director

**Chris Young Consulting Pty Ltd**

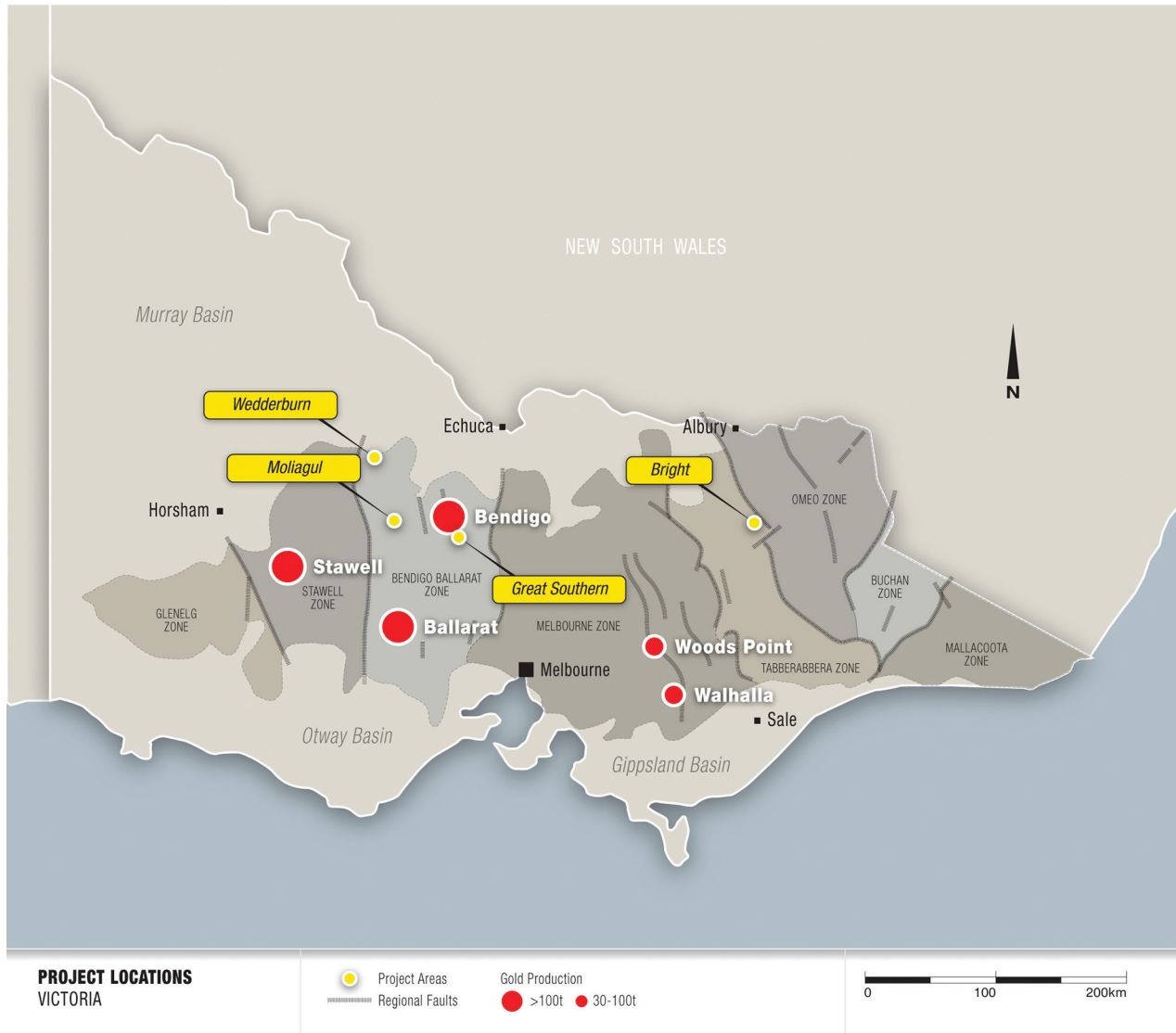


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# 1. Summary

Victorian Gold Mines NL (VGM) has assembled a majority interest in eight mineral properties at four locations in Victoria; Bright situated in the eastern Victorian Tabberabbera Zone and Wedderburn, Moliagul and Great Southern Sheeps Head located in the Central Victorian Bendigo-Ballarat Zone of the Lachlan Fold belt. Central Victoria is a recognised world-class orogenic gold province (Location Plan).



The projects include sites of past alluvial and bedrock reef gold production. The Oriental and Mount Orient mines at Bright within EL 5188 have recorded gold productions of 58,824oz and 17,000oz respectively. The other tenements in Central Victoria have all produced high-grade smaller parcels of nuggetty gold ore. The tenements at Moliagul lie within 200m of the site of the 2,284 oz “Welcome Stranger” gold nugget.

Underground access via shaft or adit is available on the Bright, Allenvale Reef, Edmunds Mine and Great Southern Sheeps Head project areas. The company’s primary target of exploration and mining will be high grade (>8 g/t Au) ore shoots immediately amenable to adit access and narrow vein underground mining methods.

At Bright, the Peabody, New Victoria and Mount Orient adits all have reefs, shown by rock chip sampling, to contain gold. Between the Peabody and the New Victoria there is 240m height of un-worked backs on the Victoria reef line. VGM intends to determine ore grades by channel and bulk sampling, with the intention of progressing to a small scale but high-grade mining operation.

At Wedderburn, the Allenvale shaft is presently just beyond (~2m) the level of past mining. Victorian Gold plans to sink further and crosscut to the Allenvale Reef. In this vicinity there are several parallel structures and Victorian Gold proposes two or three RC holes to locate the true Allenvale Reef to guide their proposed underground development work.

VGM's strategy is to progress quickly to small scale mining believing they need only to produce a minimum of 2,000oz per year to produce a profit. This means raising 20 tonnes of ore per day at a grade of 15g/t of gold. This concept includes the use of fully portable surface-underground mining equipment that can be brought quickly into production to provide additional cash flow for on-going exploration and company growth.

Nuggetty gold is a feature of most of the historic gold mines in Victoria. One of the consequences is that samples from drill holes, when subject to industry-standard sample splitting, and assaying procedures, yield gold grades that are generally not repeatable and so cannot be used for resource estimation.

The company owns (or has the right to acquire), plant at both its Great Southern Sheeps Head and Wedderburn project sites capable of undertaking 3t/hr crushing and gold recovery and also an operational jaw crusher and five head stamp battery, sited below the Mount Orient mine. Bulk samples may be readily crushed and gold grade more meaningfully determined by means of collecting gravity gold and assaying tailing sands.

VGM's exploration budget is to be focused on maintaining a pipeline of new targets and defining resources by drilling, surface and underground sampling of old workings. Bulk sampling utilising the company's portable mining equipment will be used as an immediate means of defining the potential of a resource.

## 2. Introduction

This report describes the geological setting of the Bright, Wedderburn, Moliagul and Great Southern Sheeps Head gold workings in Victoria and suggests potential for production of high-grade ores.

The Victorian Goldfields lie within the Palaeozoic Lachlan Fold Belt of south eastern Australia. They have produced approximately 2,500 tonnes (80 million ounces) of gold from alluvial and primary deposits since the 1850s, with approximately 40% coming from primary reef production.

Gold-bearing reefs within the Lachlan Fold Belt and especially the Bendigo-Ballarat Zone are hosted within chevron-folded Ordovician turbidite sequences, and major gold reefs dispersed throughout the Zone show similar characteristics.

These deposits have early saddle reefs that have developed just prior to the folds “locking up”. Saddle reefs form as a result of flexural slip in anticlinal hinges with an additional input from localised, higher pore fluid pressures that developed due to fluids being trapped beneath more impermeable layers in the core of the fold closure. These saddle reefs represent about 10% of the total gold with the bulk of gold occurring in fault-related veins. The majority of gold is hosted in either modified saddle reefs (neck reefs) or in jogs along faults that formed when bedding-parallel faults slipping along the western side of an anticline broke across and disrupted a fold hinge. In other cases gold occurs along brittle faults on the eastern side of antiforms associated with adjacent extension veins (spur reefs).

### 3. Regional Geological Setting

Tenements of which VGM is contracted to acquire, occupy parts of the Tabberabbera structural zone (Bright) and the Bendigo-Ballarat structural zone (Wedderburn, Moliagul and Great Southern Sheeps Head) and are all sited within the Lachlan Fold Belt in Victoria.

Tabberabbera Zone bedrocks around Bright are Ordovician turbidites with a substrate of Cambrian metavolcanics (greenstones) inferred to regionally underlie the turbidites and which may be the source of the gold in the overlying rocks. In Central Victoria gold mineralisation is hosted by Early to Middle Ordovician deep marine turbidites termed the Castlemaine Group. The substrate is also considered to be Cambrian metavolcanics. The Bendigo-Ballarat Zone accounts for over 75% of Victoria's recorded production.

Major mesothermal orogenic gold deposits typical of the Tabberabbera and Bendigo-Ballarat Zones occur within simply folded turbidites. Gold with arsenopyrite or pyrite is hosted in laminated quartz veins. The bulk of gold is usually nuggetty and occurs within early saddle reefs, neck reefs (modified saddle reefs), as well as in brittle faults that formed late in the deformation history.

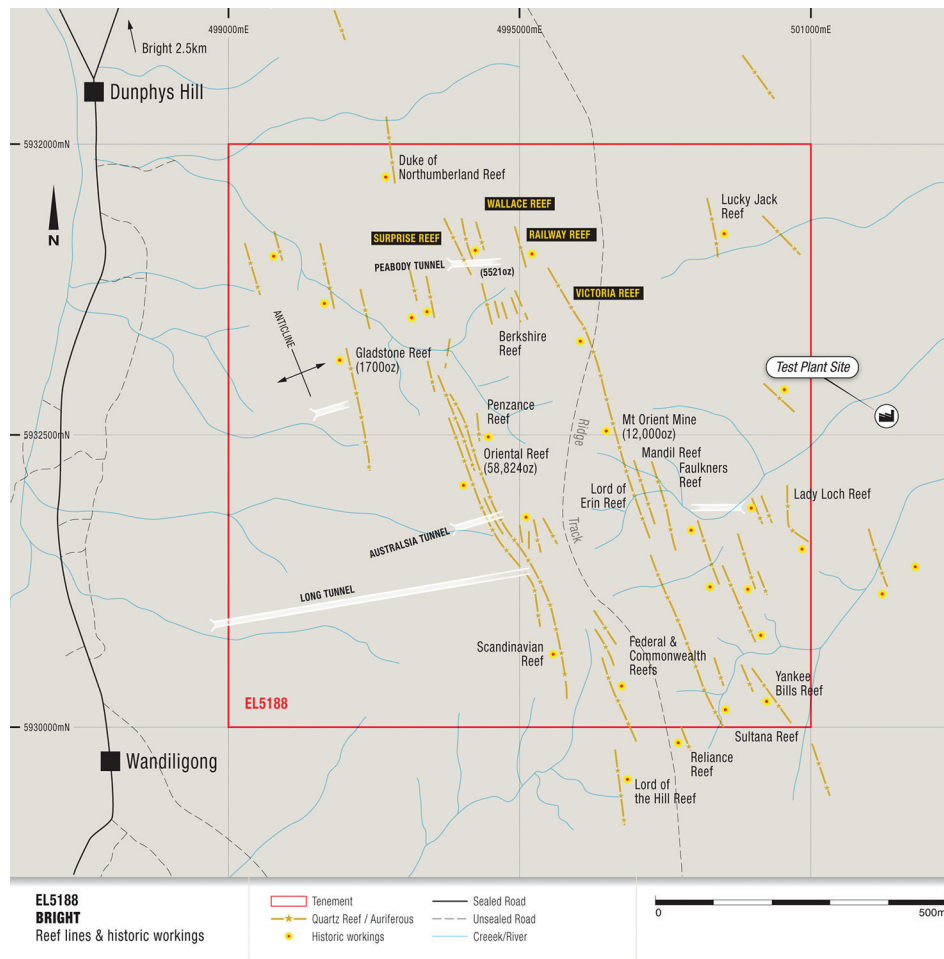
### 4. Bright Project - Exploration Licence 5188

#### **Introduction**

Exploration Licence 5188 covers 4 square kilometres of the Bright, Wandiligong and Freeburgh Goldfield approximately 200km north east of Melbourne and 4 kilometres south of the town of Bright. Completely within State Forest, the licence is topographically dominated by a ridge of some 450 metres relief, rising from the Ovens River valley to a peak in the vicinity of the Oriental Mine. Reliable vehicle access is limited to a single ridgeline track that is open to 4WD year round. Three-phase power is located nearby.

The Peabody, New Victoria and Mt Orient adits have been identified by VGM to provide ready access to gold bearing lodes. These are targeted for VGM's proposed exploration and development in its Bright tenement.

Underground sampling and assay of quartz reefs exposed by the adits has returned economic gold grades. Commercial operations are subject to successful bulk sampling and the granting of a mining licence.



Bright Locations

## Mining History

EL 5188 covers a 2 kilometre strike of a sequence of Ordovician turbidites containing a series of sub parallel and generally steeply dipping gold mineralised reef lines. These include the Wallace, Lucky Jack, Railway, Surprise, Gladstone, Victoria, Scandinavian, Berkshire, Federal and Commonwealth, Lord of the Hills, Penzance, Duke of Northumberland, Mundic, Tramway, Harp of Erin, Three Mile, Faulkner's and Reliance reefs. The Victoria reef is considered to be the northern extension of the Mount Orient. The (five) main underground workings are the Oriental, the Peabody, the Victoria, the Mount Orient and the Gladstone.

The total recorded production from these reefs is in excess of 78,000 ounces of gold of which the Oriental, the most productive mine, contributed 58,824 ounces of gold from 127,572 tons of ore at a grade of 14.4 g/t Au. The majority of quartz reefs in this area were discovered and developed by prospectors and syndicates. Access by adit was aided by the steep topography although many shafts were also completed.

Partial development of 4 lines of reef intersected by the 350 metre long east trending Peabody adit produced 2,657 ounces of gold from 2,864 tons. Near surface workings on the Victoria Reef have a recorded production of 2,348 oz of gold at a grade of some 48 g/t Au.

At Mount Orient a series of west trending adits (Levels 1-5) intersect the Mount Orient, Three Mile, Tramway, Harp of Erin, Mundic and Faulkner reefs, which have a recorded production of in excess of 12,000 ounces of gold.

The Oriental reef was intersected by the Long Tunnel adit 1,196 metres along the tunnel. At this position it proved uneconomic (max 3.1 g/t Au) for the gold price at that time. The Long Tunnel adit was completed at 1,228 metres and 427 metres below the outcrop of the reef. The Australasia tunnel is the deepest known working of the Oriental reef with very little historical stoping below that level.

Little is recorded for the Gladstone reef situated to the north west of the Oriental reef except that recorded crushings produced 3,610 ounces of gold from 3,392 ton of ore.

VGM considers there is scope for the implementation of modern exploration and mining methods to profitably work some of the defined gold bearing reefs such as the Victoria reef as well as those yet to be discovered.

### **Geology and Mineralisation**

The host for gold mineralisation is predominantly sandstones and slates of the Ordovician Hotham Group. These sediments have been tightly folded on axes trending between 3100 and 3400. Dolerite dykes are present and Devonian age granite has intruded the sedimentary sequence some 15 kilometres to the west. Gold mineralisation is attributed to hydrothermal activity during the later part of Tabberabberan Orogeny.

With similarities to the Bendigo-Ballarat Goldfields, quartz veining is controlled by fractures that tend to run parallel to the strike of the host sediments. Shoots of high-grade gold mineralisation occur as defined zones within steeply dipping quartz reefs which trend in general at 3150 - 3200. Local faulting is common and offsets of 10-20 metres not uncommon. The recorded widths of mined ore shoots range up to 5 metres but were generally between 0.6 metres and 1.5 metres. Individual ore shoot strike lengths up to 100 metres occur.

Within the oxidised zone gold is free milling. Below the water table the gold is commonly associated with pyrite, arsenopyrite and galena but remains free milling. The narrower (<10cm) zones of quartz /sulphide /gold mineralisation are highly laminated. Diorite dykes are common with quartz veining often marking the contacts.

### **Previous Exploration**

Since the historic gold rush period of the mid to late 1800s only three listed companies have undertaken meaningful exploration of the area of EL 5188; Planet Mining Limited (1969), Crest Resources Australia NL (1995) and Dynasty Metals Australia Limited (2003 -2007). Under option agreements Goldminico Ltd sampled the Mount Orient and Peabody underground reef exposures in 1998.

Planet Mining sampled reef exposures in the Peabody adit and reported values of 116.9 g/t Au and 61.2 g/t Au from the Princess Reef. 245m along the adit a channel sample over a 5.5 metre interval of quartz and slate returned 11.1 g/t Au. Planet thought this may be the Victoria reef but this is unlikely and this reef may be the Mullocky. None of these results have been repeated by more recent but limited sampling.

In 1987 a crosscut adit (New Victoria adit) located approximately 25 metres below the (lowest) level of the historic Victoria adit workings was driven for 135 metres by R. Crimeen, financed by Western Australian investors. This adit intersected the down plunge of the Victoria Reef ore shoot that averaged over 1 ounce of gold per ton from surface workings in the 1800s. Driving on the reef for 60 metres showed significant gold mineralisation over a zone of 1.5 metres average width. This adit was separately mapped and sampled by geologists Terry Potter and Alan Svanosio. Sampling of the Victoria Reef at this level returned individual values up to 245g/t Au. Results from Terry Potter's sampling over a 25m length of the reef averaged 19.3 g/t Au. Planet Mining notes that historic workings of the Victoria reef have an average width of 0.6 metres.

Sampling of the Victoria reef within the Peabody adit by Goldminco in 1998 comprised 27 rock chip samples at 1.5m intervals along a drive and leading stope on the reef. The sample results range from 0.1 g/t Au to 32 g/t Au for an average of 7.5 g/t Au over a strike length of 40.5 metres.

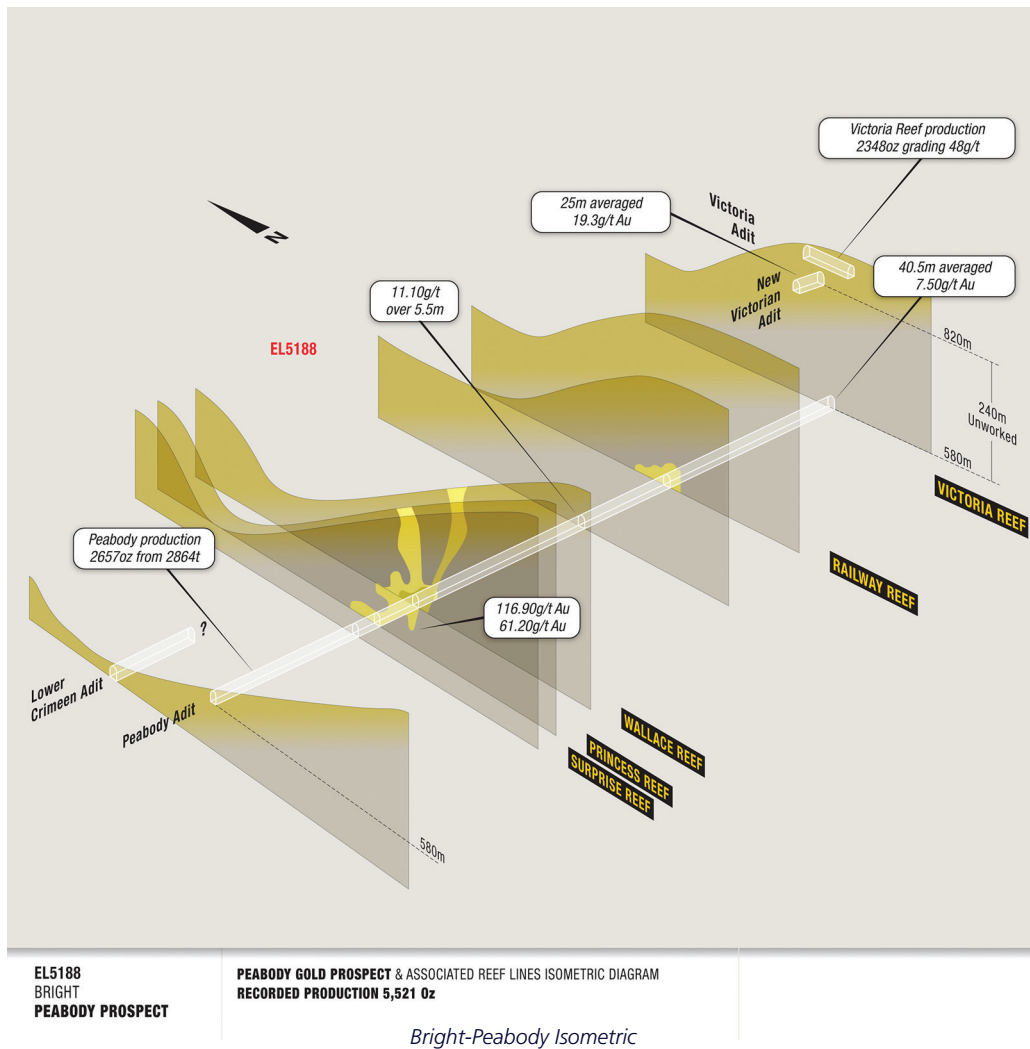
Dynasty Metals completed two diamond holes collared on the New Victoria Adit work pad. Inconclusive quartz reef intersections were made with a maximum value of 1.45 g/t Au being returned from core sampling. It is thought that the ore shoot exposed in the Victoria Adit plunged to the south of the drill hole intersections.

Within the area of EL 5188 Crest focused its exploration on the surface exposures of the Oriental Reef.

## **Exploration Potential and Proposed Exploration**

### **Peabody and New Victoria Adits**

The marked topographic relief of the Bright area permitted early miners easy access via a series of adits. The adits identified by VGM for underground sampling and development are the Peabody and New Victoria. The lowest of these is the Peabody and at 240 metres above, New Victoria is the highest. Access for stoping between the adits is readily available.



The company's priority is to rock chip and bulk sample the Victoria reef via the available adits prior to mining development. VGM has in sight a resource of some 240 metres height between the Peabody and the New Victoria adit. Given that any one high grade shoot has a strike of say 25 metres, as shown by Potter's sampling and that there is more than one shoot, as shown by historic mining, then for say a 50 metre strike length at an average width expressed conservatively at 0.6 metre, there is scope for about 18,000 tonnes at an estimated grade of approximately half an ounce, that is for some 9,000 ounces of gold.

The New Victoria Adit would first require reclamation of an area of collapse then working underfoot by winze to obtain a bulk sample.

Sampling of the Victoria Reef exposed in the Peabody Adit would require some rehabilitation of the access track and minor underground work to provide safe man and ore haulage.

Resource potential of the Sunrise, Princess, Wallace, Mullocky and Railway Reefs, all accessible by the Peabody adit, remains to be determined by further sampling.

To support future underground development Victoria Gold propose a diamond hole collared at the Lower Crimeen adit work pad to locate the Surprise, Wallace, Mullocky, Railway and Victoria reef lines below this level.



### Mount Orient Adit

Situated approximately 1, 000 metres to the southeast of the Peabody adit, the Mount Orient adit accesses the Mount Orient, Mundic, Harp of Erin and Faulkner's reefs. This adit would only require minimal road upgrade, surface clean-up and the portal refurbishment. All available reef exposures would be sampled to assist the assessment of resource potential and possible future development of the reefs in this area.

### Future Underground Development

A single portal access to the Sunrise, Princess, Wallace, Mullocky, Railway and Victoria reefs below the level of past mining could be provided by extending the Lower Crimeen adit at a level approximately 30m below the Peabody adit. This option does not have the guarantee of ore extending down to this level. Ore shoot extensions are inferred from overlying workings but it is possible that extensive driving could be required to locate down plunge ore shoot extensions.

The length and condition of the Lower Crimeen adit is unknown at this time as its portal has been dammed to provide a source of water.

Budget - Bright			
Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,000	7,000
Surface Exploration	8,000	5,000	13,000
Geochemistry	3,000	4,000	7,000
Environmental	24,000	21,000	45,000
Diamond Drilling 1200m	168,000	84,000	252,000
Underground Development and Bulk Sampling	200,000	160,000	360,000
Personnel, Logistics and Administration	21,000	22,000	43,000
	<b>429,000</b>	<b>298,000</b>	<b>727,000</b>

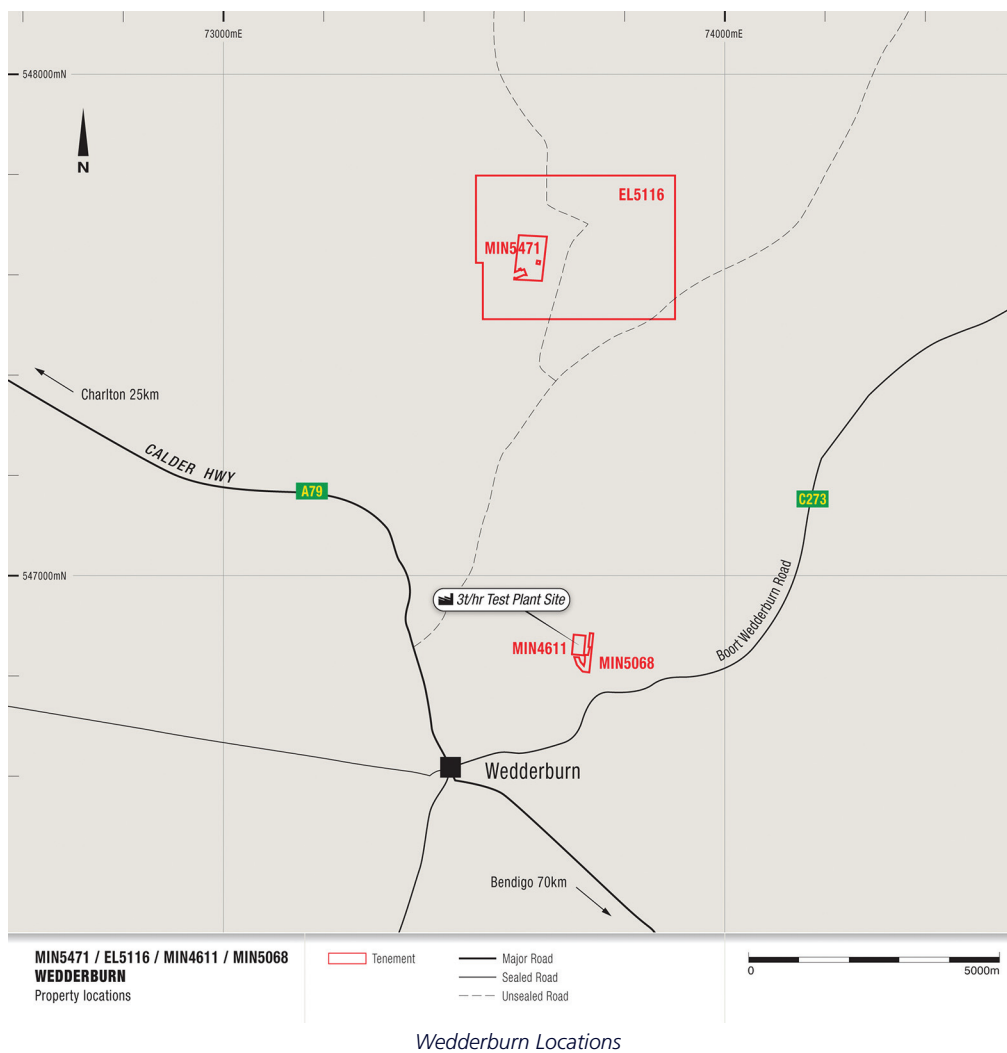
## 5. Wedderburn Project – Exploration Licence 5116, MINs 5471, 4611 and 5068

### Introduction

In the Wedderburn Goldfield VGM have four tenements; one exploration licence and three mining licences which cover 5 past gold productive reef lines; the Allenvale, Christmas, Edmonds, General Grant and Grant reefs. Wedderburn is located 200 kilometres northwest of Melbourne and 75 kilometres from Bendigo.

The Allenvale reef at Woolshed Flat is covered for a strike length of some 880 metres within MIN 5471 of 44.3 ha. Access is provided via the recently refurbished 35 metre deep Longs shaft. This MIN is surrounded by EL5116 of 16 square kilometres, which covers the Cockies, Franklin and William Rush alluvial lead workings. The exploration licence area also provides room for any possible north or south trending extensions of the Allenvale reef and for the discovery of additional reef structures.

The Christmas, General Grant, Grant and Annie Jones reefs run through the 280 metre long 5ha MIN 4611. The nearby 4.8 ha MIN 5068 provides an additional 100 to 150 metres strike coverage and covers part of the Edmonds reef. Access is gained through the Christmas Reef shaft and decline and the Edmonds shaft.



On the basis of historic accounts the majority of reefs in the Wedderburn “Golden Triangle” area produced nuggets and historical reports suggest the likely provenance of these nuggets is not always simple supergene (secondary) enrichment in deeply weathered bedrock, but includes the primary development of exceptional concentrations of gold associated with the intersection of quartz lodes or veins with “indicator beds”. For example, (Edwards et al. 2001) report; “Most of the gold from reef mining, and most of the auriferous reefs themselves, are associated with indicator beds”.

The tenements are considered prospective for high-grade, low tonnage gold deposits as have been historically worked. The association of indicators with enriched zones, which are recorded for the Wedderburn Goldfield, supports prospectivity for “Bonanza” gold occurrences. While very rich, such occurrences are too small a target for drilling to be effective. For example at Ballarat the old mining practice was to drive along a recognised indicator in search of a bonanza gold accumulation.

VGM propose to conduct underground exploration and development at the Wedderburn reefs by opening up and bulk sampling the old workings using existing shaft access. This style of exploration is considered the best chance for discovering repetitions of potentially bonanza gold accumulations in the range 10 - 2,500 ounces.

### **Goldfield Geology**

The Wedderburn Goldfield is contained within a north-south belt of Lower Ordovician sediments intruded and extensively metamorphosed by Devonian granites that outcrop on all sides of the area. The Ordovician sediments consist of bedded shales, mudstones, siltstones and sandstones. Flanking the granites the sediments have been altered to siliceous hornfels and micaceous schists. These grade to nodular schists and phyllites. Gneiss occurs in direct contact with the granites. The extent of alteration indicates that the granites underlie a large portion of the goldfield.

Structurally these sediments have been tightly folded into anticlines and synclines typical of the Bendigo-Ballarat Zone. Axes are generally between 50m and 100m apart. Bedding dips vary between 650 and vertical and strike varies from 3400 to 0100 but is usually close to magnetic north. Minor slip faulting commonly occurs on one or both limbs of folds usually within a short distance from the fold axis. Cross faulting of minor displacement has also been recorded.

Pliocene gravels, sands, silts and clays, some exhibiting lateritised profiles, occur sporadically across the area. As a result of topographic inversion they are generally found above the level of present drainage and in some areas form resistant hill cappings. These have at some locations been found to be richly auriferous being the palaeo-beds of old drainages.

Quaternary clays, silts, sands and gravels in fill current drainage flats and flood plains. Auriferous leads within these sediments have been found to be very rich having derived their gold from both primary reef sources and re worked Pliocene leads.

### **Mineralisation**

The major auriferous reef lines occur within conduits produced by slip faulting. Some reef lines are persistent over strike lengths greater than 1 kilometre. This reef type is commonly characterised by one smooth wall of laminated quartz, often the hanging wall, extending to an ill defined second wall of spurs and quartz stringers. Other minor veining occurs within tension joint and cross faults. Of the major production reefs few have been found to exceed 1 metre in width and of those that do, economic gold values have been confined to a narrow section on one wall.

## **Indicators**

Gold enriched shoots and pockets have been found to occur where “indicator” beds intersect the reef lines. Gold enrichment may occur on either reef wall. Larger shoots occur where the “indicator” bed is coincident with the reef line. The “indicators” are apparently conformable beds of black or blue, sometimes leached white shale or slates associated with thinly laminated quartz veins. They can vary in width from less than 1 to 25 centimetres, averaging between 3 and 5 centimetres. “Indicators” have been shown to be graphitic and to carry detectable gold, which may have a bearing on the mechanism of gold deposition within the quartz reefs. Owing to the generally thin nature of the quartz veins and indicator beds, ore shoots and pockets are likely to be of limited tonnage although high grade.

In the near surface, zones of quartz reefs proven to be auriferous, rich pockets of gold have been found to occur in locations that appear to be unrelated to known “indicators”. These pockets are probably the result of secondary enrichment.

## **Allenvale - Exploration Licence 5116 and MIN 5471**

### **Mining History**

Alluvial were first worked in the Allenvale area of Woolshed Flat in 1896. The reef was discovered soon after at a depth of about 10 metres in the vicinity of the Cockies Rush alluvial. Three shafts, Camerons, Sullivans and Longs, were sunk on this reef over a strike length of 125m. Historical reports describe a reef of some 5 metres width but which was worked only on its eastern side over a width of about 1.0 metre at a grade just over one ounce to the ton. The Camerons shaft of about 45 metres was sunk in 1899 at the southern end of the line of workings and took overall 550 tons for 423 ounces of recovered gold. The reef at foot was reported to be about 3 metres wide and the last pickings from below water level returned over 5 ounces to the ton. The Sullivans shaft was sited about 85 metres north of Camerons and completed to a depth of 33.5 metres. The ore shoot is interpreted to be north plunging. Black carbonaceous shale, which could possibly be unrecognised “indicator beds”, have been reported from the Sullivans workings.

In 1961 a local prospecting team sunk the Longs shaft about 40 metres north of Sullivans and advanced to a depth of 24 metres but did not hit auriferous reef. No further work was done until Huang Jin Mining commenced deepening the shaft in 2007.

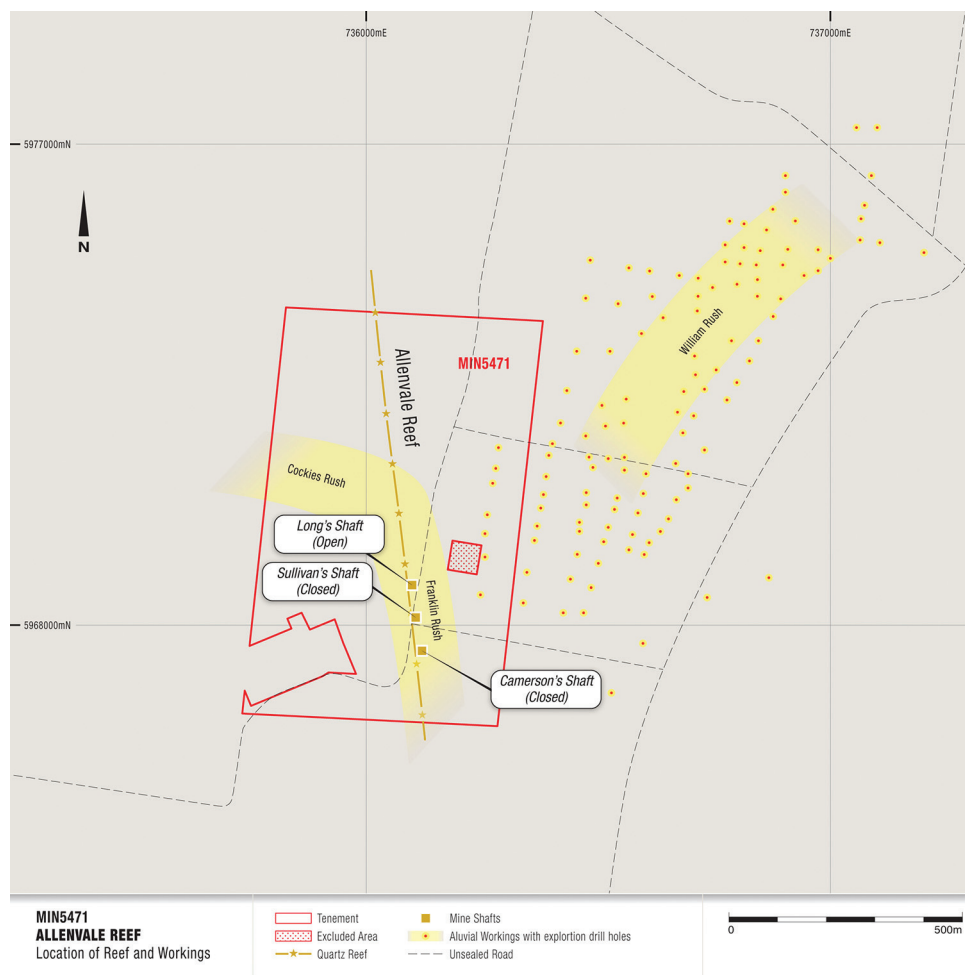
### **Past Company Exploration**

The site of the Allenvale reef was covered by a series of now expired mining leases; MINS 4069-70 and 5286 and 5369. No development of the reef system was reported.

In 1997 Golden Triangle Resources explored its EL 3797. Two trenches were cut into the southern extension of the Allenvale reef and 14 into the William Rush alluvial lead, within current EL 5116. Maximum depth achieved was 7

metres and the base of the alluvial cover was not reached. Rock chip samples from the Allenvale reef returned a value of 96.2 g/t Au. Golden Triangle report that this value could not be repeated, "possibly due to nuggetty quartz reefs". Golden Triangle then completed a series of aircore holes in the William Rush. The results were considered sub-economic and the licence was relinquished.

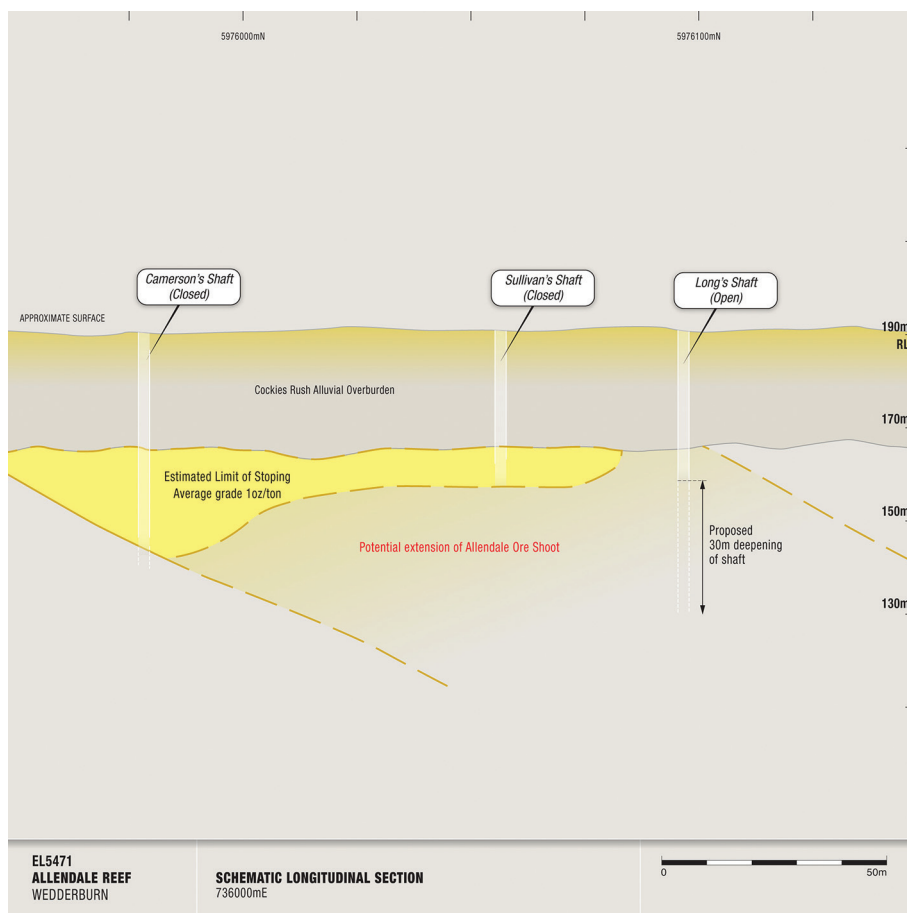
Long's shaft was deepened by Huang Jin Mining to intersect the interpreted northern plunge of the ore shoot in the Allenvale reef. By 2009 the shaft had reached a depth of 35 metres and a series of quartz veins intersected in the bottom of the shaft. A short crosscut was commenced on what is considered to be the Allenvale reef. No assay results are available.



Wedderburn-Allenvale Location

### Resource Potential Allenvale Reef

Based on historic reports, plus the more recent work on the Long's shaft, it is reasonable to conclude that the gold mineralisation intersected via Camerons and Sullivans shafts is north plunging. This is borne out by the recent intersection of reef material in the base of the extended Long's shaft at 35 metres depth. VGM propose to extend the Long's shaft an additional 30 metres into the assumed position of a high-grade ore shoot.



*Wedderburn-Allendale Long Section*

Very little stoping was undertaken below the watertable in the historic workings and so there is potential for a minimum of say 100 metres strike length of auriferous reef to occur within the area of the Camerons/Sullivans/Long workings. The reef width varies between 0.5m and 5m having an assumed average width of 1.0 metre. It is estimated that in the first 100 metres of proposed down plunge development there is room for a resource of some 25,000 tonnes at a grade equivalent to historic records at about 1.0 ounce per tonne.

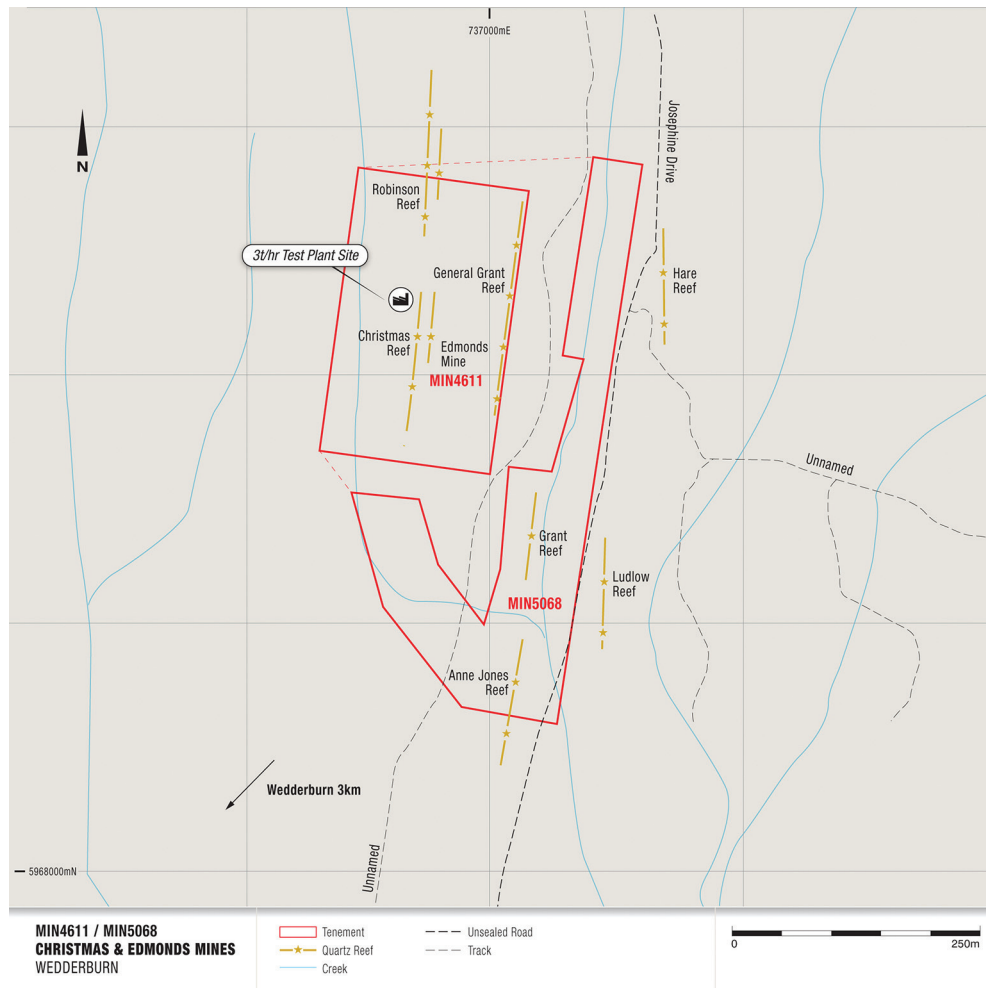
### **Christmas Reef and Edmonds Mine – MINs 4611 and 5068**

MIN 4611 and MIN 5068 include historic workings on the General Grant, Grant, Annie Jones and Edmonds reef lines and an extension of the Christmas Reef. The tenement areas are considered prospective for high-grade, low tonnage gold deposits as have been historically worked. Chip samples taken from exposed reef in Edmonds Mine have returned assays of 4g/t, 7g/t and 11 g/t gold.

### **Mining History**

The early mining history of the Wedderburn area is recorded in the History of the Wedderburn Gold Fields by Goode, 1891:

- Edmonds Reef is reported to have produced 56 ounces from 56 ton of reef.
- Production from the General Grant reef varied from about 8 g/t Au to 35 g/t Au.
- The Annie Jones Reef has production ranging from 4 g/t Au to 17 g/t Au.
- Ludlows reef, which is considered to cross MIN 5068, has a reported production of 15 ounces of gold from 12 tons of ore.



In the early to mid 1990s The Christmas Reef Gold Mine was operated by Doug and Ann McGuire as a working mine for tourists. Ownership passed to the Magpie Syndicate and it was refurbished as a decline to 40 metres. In recent years prospector Terry Frerk has undertaken modest development on a fortnightly basis together with training for mining students of the Bendigo Royal Institute of Technology. It is anticipated this work will continue under VGM's ownership.

Terry Frerk has also refurbished the Edmonds shaft to a depth of 30 meters and has completed 46 metres of driving on two levels. This working is ready for VGM's proposed bulk sampling and production.

## Past Company Exploration

In 1972 CRA Exploration (CRAE) examined and sampled the Christmas reef within EL 380 originally held by Transouth Mining Ltd. It reported “Assay results were low due to the nuggetty nature of the gold.” CRAE then shifted its emphasis to locating areas of “significant gold mineralisation outside quartz veins in the Ordovician sediments and metamorphics” and relinquished the title.

Carpentaria Exploration Company Pty Ltd (Carpentaria) mapped the surface workings of the General Grant, Edmonds and Annie Jones reefs during its tenure of EL 716 in 1979 –1982. Carpentaria then focussed its attention on the Lanes-Scotch Jocks and Farmers-Gully reef systems. Following disappointing results from 5 diamond drill holes Carpentaria relinquished its ground.

## Exploration Strategy

Quartz vein intersections with “indicator” beds or black pyritic carbonaceous shales have historically been proven within these tenements to be sites for enriched gold mineralisation. Drilling, geophysical and computer based structural interpretation will be used to predict the location of such intersections where bonanza gold occurrences may occur.

VGM propose to use the Christmas Reef decline and the Edmonds shaft to access lode formations within its licences for follow up work and bulk sampling. The company has a contractual arrangement to use a 3 tonne per hour test plant located on the Christmas Reef tenement. This plant consists of a jaw crusher, rod mill, Wilfrey table, and Knudson bowl.

Budget - Allenvale and Christmas Reef areas			
Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,000	7,000
Geophysical Survey and Interpretation	5,000		5,000
Geochemistry	1,500	2,000	3,500
Environmental	3,500		3,500
RC/Air Core Drilling	43,000	20,000	80,000
Diamond Drilling 1200m	60,000	20,000	80,000
Underground Development and Bulk Sampling	150,000	50,000	200,000
Personnel, Logistics and Administration	24,000	15,000	39,000
	<b>292,000</b>	<b>109,000</b>	<b>401,000</b>

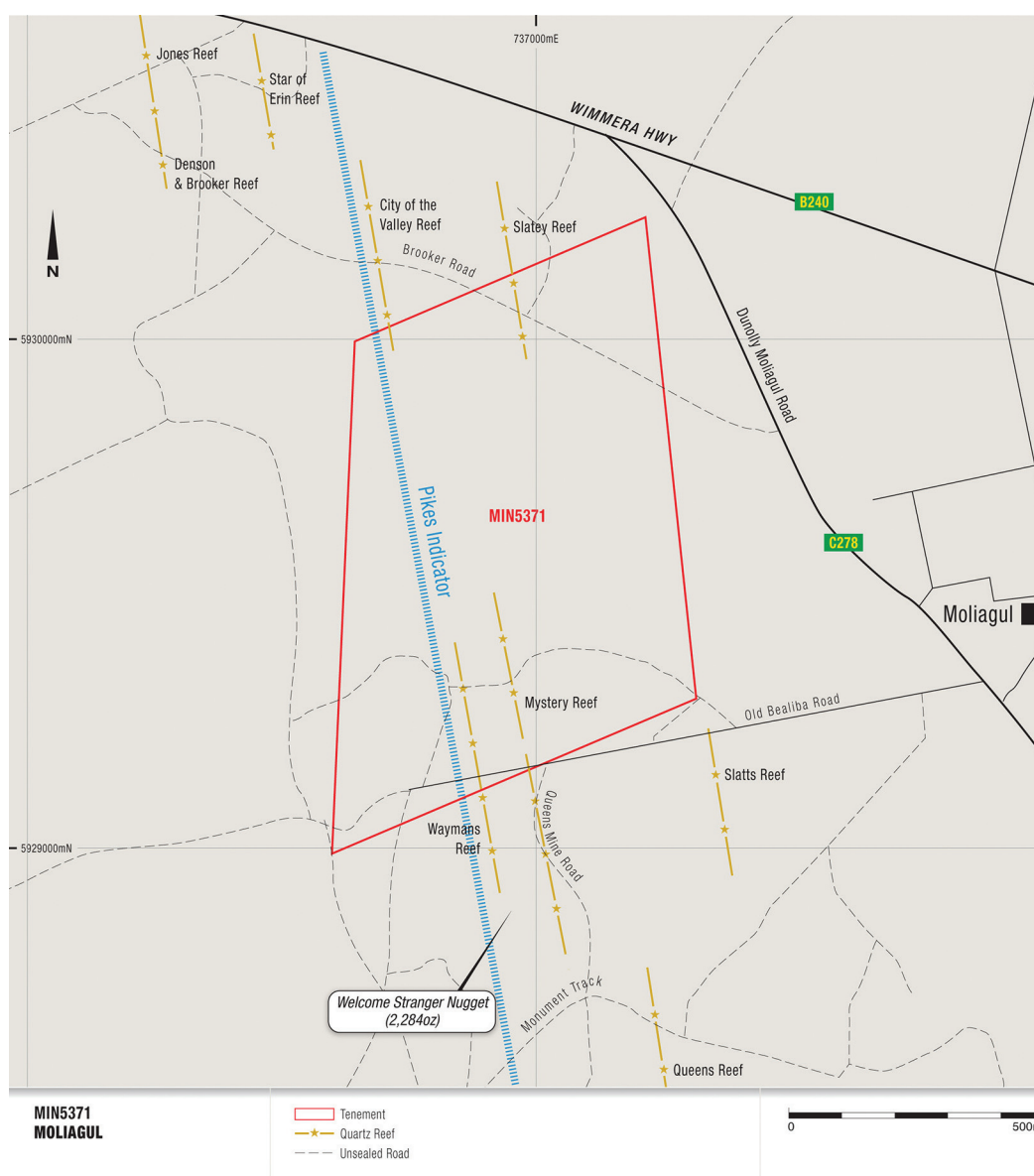


## 6. Moliagul - MIN 5371

### Introduction

The Moliagul Goldfield, location of the discovery of the 2,284oz (refined gold) Welcome Stranger Nugget, is 52 kilometres west of Bendigo. MIN 5371 of 58.24 ha is located some 200 metres north from the historic discovery site.

Pikes Indicator line, which may be related to the source of the Welcome Stranger, is shown to trend across MIN 5371 in a northerly direction on a map prepared in 1928 by government geologist A. M. Howitt. Surface workings indicate that three reef lines believed to be the Waymans, City of the Valley and Slaty (Blue Stocking) cross the tenement. MIN 5371 is focussed on the Mystery Reef. The area is considered prospective for high-grade, low tonnage gold deposits as have been historically worked.



Moliagul Location

## **Goldfield Geology and Mineralisation**

Moliagul is underlain by Ordovician slates and sandstones similar to the Wedderburn area which, in proximity to the Mt Moliagul granodiorite, have been altered to hornfels and schistose rocks. Little is known of the structure of these sediments except that they would have been tightly folded into anticlines and synclines on north-south axes. Bedrock pockets of nuggetty gold may occur where indicators intersect auriferous reefs. Quaternary clays, silts, sands and gravels fill current drainage flats and flood plains. Auriferous leads within these sediments were historically very rich in alluvial gold and large nuggets have been recovered.

## **Mining History**

Well after the early years of alluvial and nugget production in the Moliagul area Pike and Webb ploughed up some gold bearing quartz veins. Within eight days they had cut a trench 9.75 metres long and 3.2 metres deep along an indicator and exposed three rich pockets of gold; 11 ounces, 300 ounces and 60 ounces.

In a report dated October 1928 A. M. Howitt notes; "Pike's indicator is a new line, well situated within a rich nugget and indicator belt. It is well defined and of favourable structure." The indicator, which runs through MIN 5371, is described by Howitt as; "half-inch iron oxide vein or seam associated with a bedded quartz vein as thin as a knife blade. It occurs in soft talcose yellow slate streaked with iron oxides. Slight alteration is evident in some of the slates and patches of bright red iron oxide and kaolin were noted." The strike of the indicator is N100 W with dips between 800 W and 850 E."

## **Exploration History**

While alluvial production has continued intermittently through to the present day, reef mining was largely restricted to a period of small-scale, relatively shallow underground operations through to the turn of the century. Systematic twentieth century exploration of the reef systems is limited to work by Bendigo Mining NL and BHP Gold Mines Ltd (BHP) in the late 1980s. This work established open-pit targets at Harvest Home, Inkerman and Moliagul, but no follow up work was done. These areas were held under exploration licence by Highlake Resources NL in the mid 1990s and then by Wedderburn Mining Pty Ltd (Wedderburn) in the early 2000s. For a variety of reasons, not the least lack of finance, little effective exploration work was completed.

## **Resource Potential**

The largest mine in the area, the Queens Birthday at Goldsborough, produced 96,977 ounces of gold from 158,000 tons at an average grade of 18.8 g/t Au. Ore shoots in this mine were associated with a carbonaceous shale indicator bed that has been mapped as occurring continuously for 4 kilometres north of the mine.

The Matrix Mine north of Moliagul, on similar indicators to Moliagul, produced 3 lumps of gold totalling 2,400 ounces.

MIN 5371 covers approximately 1,000 metres strike of Pikes indicator plus a series of known auriferous reefs. There may also be other indicators. VGM's objective is to define modest sized though very high-grade bonanza gold accumulations where reefs and indicators intersect.

### Exploration Program

The Company proposes a program of RC and diamond drilling totalling approximately 1,200m. An initial orientation program of a fence line of up to three short holes to 50 metres deep will be drilled at 600 on a bearing of 800 magnetic to locate the reef structure 20 metres to the north and south of the Mystery Shaft.

Subsequent diamond and RC drilling will be planned on the results of these holes targeting interpreted quartz reef and indicator intersections.

Budget - Moliagul			
Activity	Year 1	Year 2	Total
Research Interpretation Modeling	5,000	2,500	7,500
Geophysical Survey and Interpretation	1,500	1,500	3,000
Surface Exploration	2,500	2,500	5,000
Geochemistry	1,000	1,000	2,000
Environmental	2,500		2,500
RC/Air Core Drilling	36,000	36,000	72,000
Diamond Drilling 1200m	44,000	15,000	59,000
Personnel, Logistics and Administration	14,000	5,000	19,000
	<b>106,500</b>	<b>63,500</b>	<b>170,000</b>

## 7. Great Southern Sheeps Head - MIN 4986

### Introduction

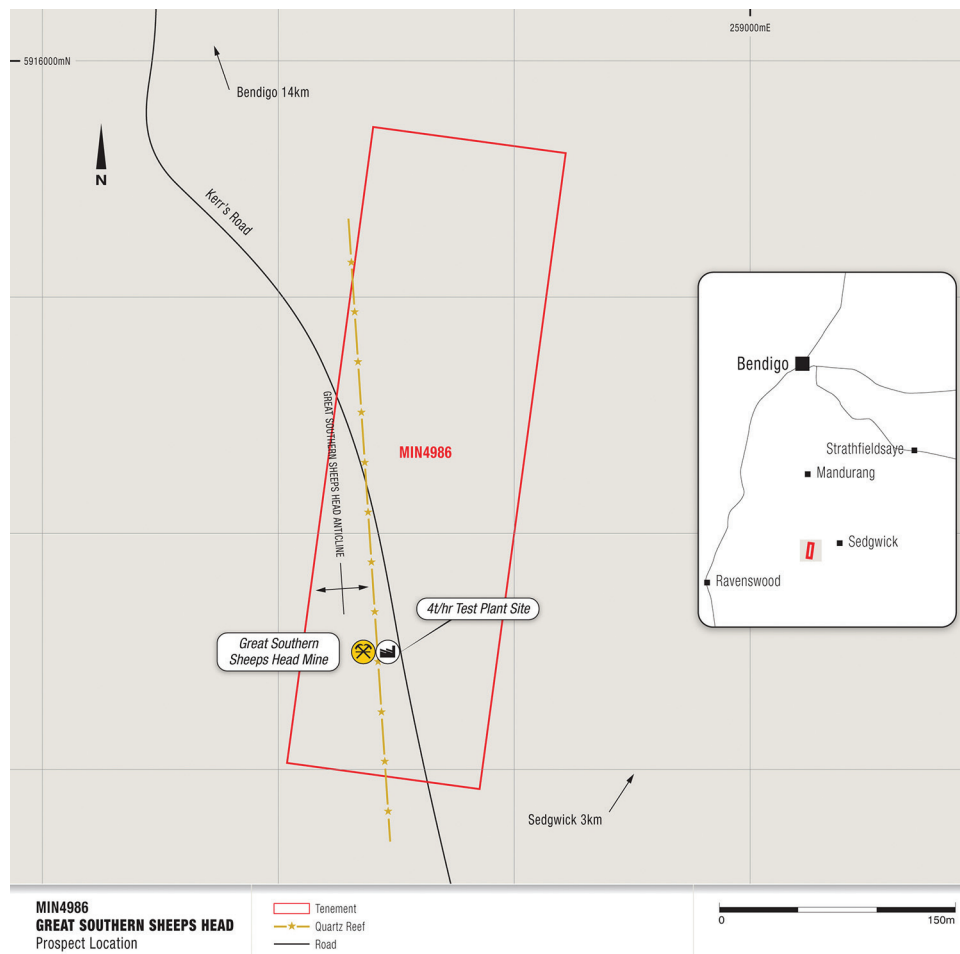
The Great Southern Sheeps Head project consists of a single granted mining licence of 5.15 ha located in the Sedgwick area, 14.0 kilometres south of the Bendigo Goldfield. Access is along Kerr's Road, which passes across the licence.

The licence covers some 300 metres strike of the Great Southern Sheeps Head reef system upon which a shaft and drives have been recently refurbished with underground access immediately available.

## Geology and Mineralisation

Structurally the geology is dominated by the Sheeps Head Anticline. The Ordovician sediments are dark to carbonaceous slates and coarse sandstones typical of the Bendigo goldfield. Great Southern Sheeps Head is situated just 2 kilometres west of the Whitelaw fault – a favourable position for gold deposition.

It is not uncommon in this region for spur and saddle reefs to develop where west-dipping faults cross an anticlinal axis. In the Three Jays workings the mineralised system consists of a gently north plunging set of shallow west dipping spurs emanating from a steep west-dipping northerly trending reef structure. Old stopes in the Three Jays are described by former mine manager, William McNamara, as “22.9 metres along strike, 15.8 metres in height and up to 7.6 metres wide. The main reef is between 0.6 and 1.2 metres wide and has been historically worked over a strike length of 7 metres”. McNamara also notes; “the reef goes underfoot about 27.4 metres along the 16.8 metre level”. This observation supports the observed northerly plunge of the mineralised system. A north trending dolerite dyke runs through the lease about 25 metres west from the Three Jays shaft and may identify the position of the anticlinal axis.



*Great Southern Sheeps Head Location*

## Mining History

Multiple unrecorded backfilled shafts of indeterminate depth occur within the area of the licence. There is little record of these early workings. It appears that when the North Red White and Blue Company NL ceased its operations in

Bendigo in 1939 no further work was undertaken at the Great Southern Sheeps Head. Prior to this, the company had sunk a 33 metre deep shaft located 60 metres to the north of the 16.8 metre deep Three Jays No. 2 shaft to prospect for saddle reefs.

In 1990 a prospecting party rehabilitated the No.2 shaft of the Three Jays mine. The lease was sold to the Great Southern Sheeps Head Company in 1997. Between 1999 and 2001 the No.2 shaft was again rehabilitated and enlarged and the No2 Level was enlarged with sets and close timbering placed over 25.6 metres of drive. Gold production from the licence area is unrecorded. A diagram of the workings by McNamara, however, shows two lines of lode with stoping along the drive as well as small underhand stopes at the No.2 level plat and at the end of the drive.

### Proposed Work Program

The Three Jays underground workings are in a condition that would allow immediate underground development. VGM propose bulk sampling to determine the grade of exposed reef line using its established and permitted processing equipment at Great Southern Sheeps Head. This comprises a fully operational 4 tonne per hour gravity recovery plant. Development options include a winze from the end of the drive to create a sub-level.

A program of RC and diamond drilling is proposed to explore for saddle reef systems associated with the Sheeps Head Anticline to the west of the workings.

Budget - Great Southern Sheeps Head			
Activity	Year 1	Year 2	Total
Research Interpretation Modeling	2,500	2,500	5,000
Surface Exploration	3,000	3,000	6,000
Geochemistry	1,500	1,500	3,000
Environmental	2,000		2,000
RC/Air Core Drilling	45,000	15,000	60,000
Diamond Drilling	63,000	63,000	126,000
Underground Development and Bulk Sampling	80,000	45,000	125,000
Personnel, Logistics and Administration	21,000	16,000	37,000
	<b>218,000</b>	<b>146,000</b>	<b>364,000</b>

## 8. Principal Sources of Information

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## 9. Glossary of Technical Terms and Abbreviations

<b>Adit:</b>	Horizontal opening into a mine started from a hillside.
<b>Air core drilling:</b>	Variation of rotary drilling in which cuttings are brought to the surface by compressed air in side the drilling rods
<b>Alluvial gold:</b>	Gold transported and deposited by river action, and contained by the river sediments.
<b>Anticline:</b>	A fold in rocks having the shape of an inverted U.
<b>Assay:</b>	Any chemical or physical method to determine the content of any element in a rock or other material.
<b>Auriferous:</b>	Containing gold.
<b>Backs:</b>	The ceiling of an underground working or adit.
<b>Battery:</b>	A mechanical device that uses a number of stamps and stamping boxes to crush ore, usually steam or petrol driven though in remote mountain regions could be driven by water wheel.
<b>Bonanza:</b>	an especially rich vein of precious ore – a windfall
<b>Channel sample:</b>	A line of representative chips taken across exposed mineralisation.
<b>Diamond drilling:</b>	Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
<b>Dip:</b>	The angle between any sloping planar body and the horizontal. The term is usually applied to the dip of a bed of rock which is of sedimentary origin but has been tilted or moved.
<b>Dyke:</b>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<b>Fault:</b>	A fracture or fracture zone along which movement and displacement has occurred.
<b>Fold axis:</b>	An imaginary line of maximum curvature of a folded surface.
<b>Gneiss:</b>	Banded metamorphic rock.
<b>Grade:</b>	The concentration of a valuable mineral in ore, usually expressed as a percentage but for precious metals including gold, as grams per tonne (g/t).
<b>Granite:</b>	A coarse grained magmatic rock consisting largely of quartz and feldspar.
<b>Granodiorite:</b>	A coarse grained igneous magmatic rock composed of quartz, feldspar and hornblende and/or biotite.
<b>Graphitic:</b>	Term used to describe a rock containing graphite.
<b>Hornfels:</b>	A metamorphic rock formed by heating of country rock around an intrusive.
<b>Indicator bed:</b>	A single rock bed which is usually thin (often less than a few centimetres thick) which, when it is intersected by a quartz vein, leads to the development of abnormally high concentrations in or near the quartz.
<b>Metamorphism:</b>	Alteration of the structure and the mineral composition of rock by heat and/or pressure.
<b>Mineralisation:</b>	The process by which minerals are introduced into a rock. More generally a term applied to accumulations of economic or related minerals in quantities ranging from anomalous to economically recoverable.
<b>Nugget:</b>	A particle of gold or other precious metal, usually a few millimetres in size or larger.
<b>Ordovician:</b>	A geological time period from 500 to 435 million years ago.
<b>Palaeo:</b>	Ancient.



<b>Phyllite:</b>	A cleaved metamorphic rock.
<b>Pliocene:</b>	A geological time division, approximately 5.3 to 1.8 million years ago, part of the Tertiary period.
<b>Plunge:</b>	The inclination from horizontal of a geological structure or zone of mineralisation, measured in the direction of strike of the structure or zone.
<b>Portal:</b>	The commencement of an adit or tunnel into the ground.
<b>Quaternary:</b>	A geological period from 2 million years ago to present.
<b>RC Drilling:</b>	Reverse circulation drilling, a variant of percussion drilling in which cuttings are raised to the surface by compressed air inside the drill rods.
<b>Reef:</b>	A vein of quartz usually associated with gold mineralisation
<b>Resource:</b>	An insitu estimate of tonnage and grade of mineralisation.
<b>Sandstone:</b>	A medium grained sedimentary rock with a high content of detrital grains.
<b>Schist:</b>	A medium-grade metamorphic rock, chiefly notable for the preponderance of lamellar minerals such as micas, chlorite and talc
<b>Shale:</b>	A fine grained laminated sedimentary rock formed from clay, mud and silt.
<b>Shoot:</b>	A general term describing elongate lens-like bodies of mineralisation defined by grade/thickness parameters.
<b>Siliceous:</b>	A term describing rock in which the primary minerals have been replaced by silica.
<b>Siltstone:</b>	A fine grained sedimentary rock.
<b>Strike:</b>	The direction or bearing of a bed or layer of rock in the horizontal direction.
<b>Syncline:</b>	A fold in rocks in which the strata dip inward from both sides (opposite of an anticline).
<b>Tertiary:</b>	A geologic time period from 65 to 2 million years ago.
<b>Wilfrey table:</b>	A vibrating table used to recover heavy minerals such as gold.

#### **Abbreviations**

<b>Au</b>	element symbol for gold
<b>g/t</b>	gram per tonne
<b>MIN</b>	Mining Lease
<b>EL</b>	Exploration Licence

## 8. Legal Report on Mining Tenements



23 October 2009

The Directors  
Victorian Gold Mines NL  
7-9 View Point  
BENDIGO, VIC 3550

Dear Sirs,

### Legal Report on Mining Tenements

This report has been prepared for inclusion in the Prospectus to be dated on or about 23 October 2009 and issued by Victorian Gold Mines NL (**Company**) for the public offer of up to 15 million fully paid ordinary shares (**Shares**) at an issue price of \$0.20 each to raise up to \$3,000,000 (**Offer**) to be lodged with the Australian Securities and Investments Commission.

### Company's Interest in the Tenements

A schedule of tenements (**Schedule**) setting out salient information about the tenements the Company proposes to acquire accompanies this report. The tenure in respect of which the Company will acquire (or has been granted options to acquire), consists of the following granted mining licences, exploration licence and exploration licence application for minerals in Victoria:

Exploration licence 5188 (**EL 5188**)  
Exploration licence 5116 (**EL 5116**)  
Mining licence 5471 (**MIN 5471**)  
Mining licence 4611 (**MIN 4611**)  
Mining licence 5068 (**MIN 5068**)  
Mining licence 5371 (**MIN 5371**)  
Mining licence 4986 (**MIN 4986**)  
(collectively the **Tenements**)

The Company has entered into tenement transfer agreements and an access and option agreement (**Agreements**) under which the Company will acquire (or in the case of the access and option agreement, has been granted an option

to acquire) beneficial and legal ownership of the Tenements. A summary of the key terms of the Agreements can be viewed in section 9 of this Prospectus.

As at the date of this Prospectus, the Company is not the beneficial or legal holder of the Tenements.

## Enquiries Undertaken

We have undertaken the following searches and enquiries in respect of the Tenements (**Searches**):

- “Tenement report” for each of the Tenements issued by Department of Primary Industries Victoria (**DPI**);
- Extracts from Victorian Aboriginal Heritage Register (**VAHR**) for each of the Tenements; and
- Extracts from National Native Title Tribunal (**NNTT**) Searches for each of the Tenements.

Each of the Agreements contains comprehensive warranties given by the registered holders of the Tenements including that the Tenements are in good standing.

The Schedule provides specific information relating to the Tenements. It is important that the information in the notes to the Schedule is read carefully as details relating to Tenement conditions, relevant native title claims, and exclusions are particularised.

## Results of Enquiries

In reliance upon the warranties provided by the registered tenement holders in the Agreements, and based on our Searches, and subject to the statements set out below, we confirm that as at 15 September 2009:

- (a) the details of the Tenements referred to in this report are accurate as to the status and registered holders of each tenement;
- (b) where title to a Tenement has not been granted, that fact is disclosed in the Schedule;
- (c) all applicable rents due in respect of the Tenements under *Mineral Resources (Sustainable Development) Act 1990 (Victoria)* (**MRA**), have been paid;
- (d) all expenditure requirements and work programs under the MRA, have been met;
- (e) all annual expenditure reports on operations required to be lodged with the DPI have been lodged;
- (f) any other material third party interests affecting the titles of the Tenements have been disclosed in the Schedule;
- (g) none of the Tenements are subject to any unusual conditions of a material nature, other than as disclosed in the Schedule; and
- (h) the Tenements that are subject to Native Title claims or an Indigenous Land Use Agreement (ILUA) are set out in the Schedule.

## Tenements

### Details of Tenements

As mentioned above, subject to the terms of the Agreements, the Company will acquire (or has been granted options to acquire) the Tenements.

### Rights under the Mining Licences

Mining and exploration in Victoria is regulated under the MRA and the *Mineral Resources Development Regulations 2002 (Regulations)*. Pursuant to the MRA, a mining licence entitles the holder to carry out mining on the land covered by the licence and to explore for minerals, construct any facilities specified in the licence, including drives, roads, water races, tailing dumps, tailing dams, drains, dams, reservoirs and pipe-lines and do anything else that is incidental to that mining.

A mining licence is current for the time specified in the licence, not exceeding 20 years from the date on which it is registered unless the Minister decides otherwise and may be renewed in accordance with the provisions of the MRA and applies only to the land described in the licence.

### Rights under Exploration Licences

The holder of an exploration licence is, subject to section 43(1) of the MRA, entitled to carry out exploration on the land covered by the licence.

An exploration licence is current for the time specified in the licence (unless it is surrendered or cancelled earlier or unless the MRA otherwise provides), may be renewed in accordance with the applicable provisions of the MRA, and applies to the area, not less than 1, nor more than 500 graticular sections, specified in the licence, unless the Minister decides otherwise.

Exploration licences may be granted for a term of up to 5 years. A renewal application may be lodged prior to expiration of the licence. The DPI may refuse or grant a renewal application with conditions.

The holder of an exploration licence has the exclusive right to apply for mining licences over the area within its exploration licence during the term of the licence for the minerals held under that licence. The application for a mining licence is subsequently considered on its merits and the grant of a licence is not an automatic entitlement.

## Private Land

In circumstances where an exploration or mining licence affects private land (otherwise known as freehold land), section 42 of the MRA requires that before a licence holder commences work under a work authority (granted under the MRA), the licence – holder must:

- (a) obtain written consent from the land owner to access the land; or
- (b) enter into a compensation agreement with the land owner; or
- (c) purchase the land.

## Native Title

### Recognition of Native Title:

In *Mabo v Queensland (No. 2)* (1992 175 CR 1) the Australian common Law recognised a form of native title giving Aboriginal people certain rights to their traditional land. The rights recognised in native title may vary from place to place and from people to people, but in each case will originate in customary rights and the Aboriginal group claiming the rights will have maintained a traditional connection with the relevant land.

The *Native Title Act 1993 (Cth)* (**CNTA**), which came into effect on 1 January 1994, was enacted in response to the common law recognition of native title. Among other things, the CNTA provides procedures for the recognition of native title claims in the Federal Court and the validation of *past acts and intermediate period acts* - invalidated because of the existence of native title. The CNTA establishes ways in which *future acts* affecting native title may proceed, and to set standards for those dealings and specifies the procedure for the grant of mining tenements which may effect native title rights.

The High Court in *Mabo* concluded that native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts; and native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

### Process for claiming native title

Persons claiming to hold native title anywhere in Australia may lodge an application for determination of native title (being a native title claim) with the Federal Court.

Applications which are lodged with the Federal Court will be referred to the National Native Title Tribunal (**NNTT**) for the purposes of registration of the claim. If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the CNTA (**Registration Test**) the claim will be entered on the Register of Native Title Claims maintained by the NNTT (**Register**). Claimants of registered claims are afforded certain procedural rights under the CNTA including the *right to negotiate*.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are deregistered will lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court.

### **Validation of past acts and procedures for future acts**

The CNTA enables a state parliament to validate mining tenements granted prior to the recognition of native title (such grants being classified as either *past acts* or *intermediate period acts*) which would otherwise be invalid because of the existence of native title and the operation of the CNTA.

### **Past acts and intermediate period acts**

Mining tenements granted by state governments before 1 January 1994 are past acts and those between 1 January 1994 and 23 December 1996, are intermediate period acts. Victoria has validated the grant of mining tenements that are *past acts* and *intermediate period acts*.

The effect of validation on mining tenements and native title depends on the category of grant involved. Grants of freehold estates, for example, which form the background title to many mining tenements, extinguishes native title for all purposes. Grants of mining licences (unless on freehold tenure) are *category C past acts*, the validation of which does not extinguish native title, but which suspends its operation for the duration of the licence, provided certain statutory requirements, such as notification and payment of compensation in certain instances, are met. This is called the *non-extinguishment principle*. Pursuant to the CNTA, the practical impact of native title on mining tenements that are past acts or intermediate period acts, is minimal.

### **Future Acts**

*Future acts* essentially include tenements granted on or after 23 December 1996. Mining tenements granted since this date which affect native title rights will be valid if *future act* procedures have been followed by the relevant parties. *Future acts*, such as the granting of a mining or exploration licence, are only permitted under the CNTA if the procedures set out in the CNTA are followed, namely:

- (a) following the *right to negotiate* process; or
- (b) the *future acts* are pursuant to an ILUA; and
- (c) the *future acts* relate to the exercise of a pre-existing right or the renewal of an existing interest (eg, renewal of a validated mining licence).

### **Procedure for mining tenements that are future acts**

State mining legislation must be administered in accordance with the CNTA, including procedures prescribed for valid future acts. The procedure that must be followed to validly grant mining permits classified as future acts is generally known as the *right to negotiate process*.

The right to negotiate process affords to native title holders and claimants a procedure for being notified of proposed future acts and a process to either seek agreement on the carrying out of mining activities or adjudication by the NNT.

## Native Title – Victoria

### **State native title legislation:**

The CNTA is given effect in Victoria under the Land Titles Validation Act 1994 (**LTVA**).

The LTVA implements the CNTA and provides a state legislative regime for negotiating with native title parties before the state grants any mining tenement in respect of land over which native title claims have not been extinguished. This is achieved within this framework by providing native title holders and claimants with rights pursuant to the right to negotiate process, in relation to future acts.

### **Effect of Native Title on Exploration Licences and Mining Licences:**

Pursuant to the LTVA, exploration licences and mining licences granted on or after 23 December 1996 are affected by native title rights and permits will only be valid if the CNTA is complied with during the application and grant process.

The state authorities will generally assume that the grant or renewal of a licence will affect potential native title land and therefore the requirements of the LTVA must be observed and satisfied in every case.

### **Native Title Status of the Tenements**

MIN 4611 and MIN 4986 were granted prior to 1 January 1994 and fall into the category of validated past act, namely Category C. The validation that has occurred under the LTVA in respect of these tenements does not extinguish native title, but merely suspends its operation for the duration of the licences. The *non-extinguishment principle* applies in respect of these licences.

Pursuant to the NTA and LTVA MIN 5068 was granted between 1 January 1994 and 23 December 1996 and falls into the category of *intermediate period act*. This means that the grant of MIN 5068 is taken to have always been valid. However, if it is determined that the granting of MIN 5068 has affected native title, then the applicable native title holders may be entitled to compensation. To the best of the Company's knowledge, MIN 5068 does not affect the interests of any native title holder.

MIN 5371 was granted after 23 December 1996 and fall into the category of a *future act*. The NNTT search reveals that an ILUA has been entered into with native title holders in respect of each of these tenements. A summary of the key terms of the ILUA are contained in section 9 of the Prospectus.

EL 5188 is an exploration licence over crown land that was granted after 23 December 1996 and is therefore a *future act*. EL 5188 has been advertised in accordance the requirements of the NTA and no native title claim was registered within the prescribed time frame. Consequently, native title will not affect the Company's exploration activities within EL 5188 for the duration of the term of the licence.

With the exception of roads and road reserves, EL 5116 comprises freehold land and is not subject to native title. An access agreement has been entered into with the owner of the underlying land forming part of EL 5116.

With the exception of roads and road reserves, MIN 5471 comprises freehold land and is not subject to native title. A compensation agreement has been entered into with the owner of the underlying land forming part of MIN 5471. A summary of the key terms of the compensation agreement are contained in section 9 of the Prospectus.

Native title is wholly extinguished in respect of land the subject of freehold, public works (including roads and road reserves) or other previous *exclusive possession* acts. Except as disclosed above, we have not researched the underlying land tenure in respect of the Tenements (comprising crown land) in order to determine the extent of extinguishment for the purposes of this report.

## Aboriginal Heritage

The principle law which applies to the protection of Aboriginal heritage in Victoria is the Aboriginal Heritage Act 2006 (VIC). The Act imposes a duty on any person carrying out any activity to take all reasonable and practical measures to ensure that activity does not harm any area or object of Aboriginal cultural heritage and makes it an offence to cause harm to Aboriginal cultural heritage, even when native title has been extinguished. In essence, the Act precludes a person from carrying out activities where they are likely to harm Aboriginal cultural heritage. We have undertaken searches as to whether there is or may be any Aboriginal heritage sites within the area comprising the Tenements. Those searches reveal that there are no Aboriginal heritage sites contained within the area of the Tenements and recorded in the relevant register. This aside, it is common practice for an explorer to undertake surveys of any area that may host such sites prior to carrying out any ground disturbing activity.

## Heritage

The Tenements may be located on land which is subject to protection due to cultural heritage laws. The principal law which may apply to the Tenements to protect any cultural heritage is the Heritage Act 1995 (VIC). The existence of items or sites protected by cultural heritage within the Tenements may adversely impact on the Company's ability to carry out or achieve its corporate objectives as contemplated in this Prospectus. We have not undertaken any searches or investigations as to whether there is or may be any heritage sites or items within the area of the tenements. It is common practice for an explorer to undertake surveys of any area that may host such sites or items prior to carrying out any ground disturbing activity.



## Qualification

In providing this report:

- (a) we have assumed the information, reports and search results provided by various government agencies in Australia are accurate and correctly reflect the particulars of the Tenements to which this report relates;
- (b) we cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the searches we have conducted;
- (c) the holding of the Tenements is subject to compliance with the terms and conditions and the provisions of the relevant state legislation under which they were granted;
- (d) we have assumed the accuracy and completeness of any instructions or information which we received from the Company or any of its officers, agents and representatives (including any tenement manager engaged by the Company to provide a report in respect of the Tenements);
- (e) we have relied on the Company's instructions that the contracts disclosed are the only contracts or arrangements relating to the Tenements to which it is a party or of which it is aware;
- (f) where compliance with the requirements necessary to maintain a Tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;
- (g) references in the Schedule to any area of land are taken from details shown on searches obtained from the public reports we obtained and it is not possible to verify the accuracy of those areas without conducting a survey;
- (h) where Ministerial consent to any agreement or dealing is or will be sought, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused;
- (i) all information contained in the notes to the Schedule has been extracted from the Searches.

Subject to the above qualifications, we are satisfied the Tenements are valid and are in reasonable standing in accordance with the details of each Tenement provided in this report and the Schedule.

## Use of Report

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior written consent.

## Consents

Hemming and Hart consent to being named in this Prospectus as being responsible for the preparation of this report. Hemming and Hart have given, and have not before the lodgement of the Prospectus, withdrawn their consent to the issue of this Prospectus with the inclusion of this report.

## Disclosure of interest

Hemming and Hart will be paid fees for the preparation of this report and related matters. Other than in respect of those professional fees, Hemming and Hart and its partners have no interest in the promotion of the Company.

## Tenement Schedule

See Annexure A to this report.

Yours faithfully

**HEMMING+HART**

A handwritten signature in black ink, appearing to read 'Rick Anthon', with a stylized flourish at the end.

**Rick Anthon**

Partner

## Tenements Schedule

No.	Tenement	Status	Holder	Interest Held	Grant Date	Expiry Date	Material Registered Dealings	Notes
1.	EL 5188	Current	Huang Jin Mining Pty Ltd	100%	21 October 2009	20 October 2012	Nil	See Note 1
2.	EL 5116	Current	Huang Jin Mining Pty Ltd	100%	20 December 2007	19 December 2010	Approved Work Plan, Compensation Agreement with Rodney Holford, Bond Lodged, Compensation Agreement with Graham Shaw	See Note 2
3.	MIN 5471	Current	Huang Jin Mining Pty Ltd	100%	11 April 2007	10 April 2012	Compensation Agreement with Rodney Holford, Work Plan Endorsed	See Note 3
4.	MIN 4611	Current	Mr Terry Frerk	100%	27 May 1993	22 February 2013	Approved Work Plan, Bond Lodged, Variation of Licence Conditions, Variation of Work Plan, Creation of Interest	See Note 4
5.	MIN 5068	Current	Mr Terry Frerk	100%	12 July 1996	12 July 2011	Approved Work Plan, Bond Lodged, Authority to Commence Work, Variation of Work Plan, Creation of Interest, Registered Licence Renewal	See Note 5
6.	MIN 5371	Current	Mr Douglass W Cahill and Mr Robert Palmer	100%	10 September 2008	9 September 2013	Approved Work Plan, Instrument of Variation of Licence Conditions	See Note 6
7.	MIN 4986	Current	Mr James McNamara	100%	14 September 1990 (for original Miner's Right Claim No. 3329)	13 September 2010	Approved Work Plan, Bond Lodged, Registered Licence Renewal, Work Plan Variation Approved	See Note 7

## Notes

### 1. Notes on EL 5188

Name of Project:	Bright
Minerals:	Gold/Silver/Platinum
Total area:	4.000 graticules
Land Status:	Crown and private Land, road and road reserves
Bond:	No bond has been lodged at this stage. A bond will be required to be lodged with DPI upon the Company seeking approval and registration for a work plan for intrusive exploration
Additional Notes:	Pursuant to the MRA, the exploration licence cannot be transferred to the Company until 21 October 2010

## 2. Notes on EL 5116

Name of Project:	Wedderburn
Minerals:	Gold/Silver/Platinum
Total area:	Currently 16.000 graticules. However, the DPI require 4 graticules of the tenement area to be relinquished by 20 November 2009. A letter and map identifying the relinquished 4 graticules has been submitted to the DPI.
Land Status:	Private land, road and road reserves
Bond:	\$10,000
Current expenditure commitment:	\$17,400 per annum for years 1 and 2 of the licence, and \$18,200 per annum for each remaining year of the licence
Additional Notes:	There are two compensation agreements registered in respect of this licence. The first agreement between Huang Jin Mining Pty Ltd and Rodney Holford (registered 4 August 2009), provides Huang Jin Mining Pty Ltd with access to the land owner's property in exchange for payment of a royalty. A summary of the key terms of this agreement is contained in section 9 of the Prospectus. The second agreement, between Huang Jin Mining Pty Ltd and Graham Shaw (registered on 6 October 2009), makes provision for Huang Jin Mining Pty Ltd to access the land owner's land for the purposes of carrying out exploration works. .

## 3. Notes on MIN 5471

Name of Project:	Wedderburn
Minerals:	Gold/Silver/Platinum
Total area:	44.290 hectares
Land Status:	Private land, road and road reserves
Bond:	\$0.00, however upon a planning permit issuing, the DPI will set a rehabilitation bond.
Current expenditure commitment:	\$19,430 per annum for years 1 and 2 of the licence, and \$39, 860 per annum for each remaining year of the licence
Rent:	\$17.50 per hectare per annum, payable June and December each year
Additional Notes:	A work plan was endorsed on 17 April 2009 to allow the licence holder to apply for a planning permit. Huang Jin Mining Pty Ltd has subsequently applied for a planning permit and expects to receive an approved planning permit in the near future. The Company is not aware of any circumstances that would prevent the issue and registration of a planning permit. If for any reason the planning permit is not issued, the decision can be reviewed in the Victorian Civil and Administrative Tribunal.

## 4. Notes on MIN 4611

Name of Project:	Wedderburn
Minerals:	Gold/Silver/Platinum
Total area:	5.000 hectares
Land Status:	Crown land, not including roads and road reserves
Bond:	\$17,000
Current expenditure requirement:	\$14,000 per annum. In addition, the holder of the tenement must employ 2 competent people for the duration of the term of the licence.
Rent:	\$17.50 per hectare per annum, payable June and December each year
Additional notes:	A planning permit was issued on 18 August 1992 in connection with the approved registered work plan. The planning permit continues for the term of the mining licence provided that work carried out under the licence does not cease for a period of more than 2 years. The Company has confirmed the planning permit remains current. A 'Creation of Interest' has been registered over the title of the licence by Southern Gold Limited. A letter has been received from Southern Gold Limited by the registered holder of this licence confirming it has no further interest in the tenement under the agreement/s the subject of the registered Creation of Interest. The Company has caused the appropriate correspondence to be lodged with the DPI necessary to remove the Creation of Interest from the title of the licence. The licence area falls within the Wychitella Native Conservation Reserve, being restricted crown land.

### 5. Notes on MIN 5068

Name of Project:	Wedderburn
Minerals:	Gold/Silver/Platinum
Total area:	4.800 hectares
Land Status:	Crown Land, roads and road reserves
Bond:	\$3,000
Current expenditure commitment:	\$15,000 per annum
Rent:	\$17.50 per hectare per annum, payable June and December each year
Additional notes:	A 'Creation of Interest' has been registered over the title of the licence by Southern Gold Limited. A letter has been received from Southern Gold Limited by the registered holder of this licence confirming it has no further interest in the tenement under the agreement/s the subject of the registered Creation of Interest. The Company has caused the appropriate correspondence to be lodged with the DPI necessary to remove the Creation of Interest from the title of the licence. The licence area falls within the Wychitella Native Conservation Reserve, being restricted crown land.

### 6. Notes on MIN 5371

Name of Project:	Moliagul
Minerals:	Gold/Silver/Platinum
Total area:	58.24 hectares
Land Status:	Crown Land, not including roads and road reserves
Bond:	\$0.00
Current expenditure commitment:	\$52, 416 per annum
Rent:	\$17.50 per hectare per annum, payable June and December each year
Additional notes:	An application for amalgamation of MIN 5370 and MIN 5371 was approved and registered on 21 October 2010. MIN 5371 is subject to registered native title claims VC99/9 and VC00/1. MIN 5371 is also subject to a registered indigenous land use agreement. A summary of the key terms of the registered ILUA can be viewed in section 9 of the Prospectus. Min 5371 comprises restricted crown land.

### 7. Notes on MIN 4986

Name of Project:	Great Southern Sheeps Head
Minerals:	Gold/Silver/Platinum
Location:	near Bendigo
Total area:	5.000 ha
Old Title:	MRC3329
Land Status:	Crown Land, roads and road reserves
Bond:	\$3,000
Current expenditure requirement:	\$15,000 per annum
Rent:	\$17.50 per hectare per annum, payable June and December each year
Additional notes:	A planning permit has issued in connection with the approved registered work plan (as varied). The planning permit continues for the term of the mining licence provided that work carried out under the licence does not cease for a period of more than 2 years. The Company has confirmed the planning permit remains current. The licence area falls within the Bendigo National Park. Any variation to the registered work plan will require consent of the Minister pursuant to the section 40 of the National Parks Act (Vic)

## 9. Additional Information

### 9.1 Registration and Company Background

The Company was registered on 3 September 2009. At the date of this Prospectus all Existing Shares are held by the Company's foundation and seed shareholders.

### 9.2 Rights and Liabilities attaching to Shares

The following is a summary of the more important rights and liabilities attaching to the Shares as detailed in the Company's Constitution. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Shares. A copy of the Company's Constitution may be obtained from or inspected at the Company's registered office during business hours.

#### **Share Capital**

All issued Shares rank equally in all respects.

#### **Voting Rights**

At a general meeting of the Company, every shareholder present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every Share held, and for every Partly Paid Share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing ordinary share.

#### **Dividend Rights**

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the Shares held by them respectively, according to the amount paid up (not credited) as paid up on them.

#### **Rights on Winding-Up**

On a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the share.

### **Transfer of Shares**

Shares may be transferred by instrument in any form which complies with the Company's constitution, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules.

Shares may be transferred by such means in accordance with ASX Listing Rules and the ASTC Settlement Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by the Company's constitution, ASX Listing Rules and ASTC Settlement Rules.

### **Calls on Shares**

Where shares are issued as partly paid, the Directors may make calls upon the holders of those shares to pay the whole of or a portion of the balance of the issue price. If a shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and ASX Listing Rules, the shares in respect of the call may be forfeited and interest and expenses may be payable in accordance with the Company's constitution, the Corporations Act and ASX Listing Rules or proceedings taken to recover the amount unpaid.

### **Further Increases in Capital**

The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Company's constitution, ASX Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.

### **Variation of Rights Attaching to Shares**

Where shares of different classes are issued, the rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

### **General Meeting**

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Company's constitution, the Corporations Act and ASX Listing Rules.

### 9.3 Material Contracts

The Board considers that certain agreements relating to the Company are significant to the Offer, the operations of the Company or may be relevant to investors. A description of material contracts or arrangements, together with a summary of the agreements is set out below.

#### **Wedderburn Agreement**

By agreement dated 21 October 2009 the Company has agreed to acquire from Huang Jin Mining Pty Ltd, exploration licence 5188 (Vic) (**EL 5188**), a 90% beneficial and legal interest in exploration licence 5116 (Vic) (**EL 5116**) and mining licence 5471 (Vic) (**MIN 5471**); and certain plant and equipment.

Huang Jin Mining Pty Ltd will retain a 10% beneficial and legal interest in EL 5116 and MIN 5471.

It is a condition precedent to completion that the Company's securities are quoted on the official list of the ASX. Completion of the agreement will be effected upon quotation.

The consideration payable by the Company to Huang Jin Mining Pty Ltd for the transfer of plant, equipment and the tenements (including the interests in EL 5116 and MIN 5471) is:

- the issue and allotment of 700,000 ordinary fully paid shares in the Company at a value of 20 cents per share (**Share Consideration**); and
- \$350,000.00 (plus GST)(**Cash Consideration**).

The Cash Consideration represents the current value of the plant and equipment being acquired together with a partial reimbursement of expenditure incurred by Huang Jin Mining Pty Ltd in developing the tenements. If for any reason, the ASX considers payment of the Cash Consideration does not represent a legitimate reimbursement of expenditure, the Company will issue Huang Jin Mining Pty Ltd 1,750,000 fully paid up Shares instead of paying the Cash Consideration.

The Share Consideration will be issued, and \$100,000 of the Cash Consideration (less the deposit) will be paid to Huang Jin Mining Pty Ltd upon quotation of the Company's Shares on the official list of the ASX.

The Company must, following quotation and at its own cost, undertake certain works to commission plant, equipment and adit associated with the tenements to the point of trial mining (**Trial Mining Works**). The balance cash consideration of \$250,000 (plus GST) is payable to Huang Jin Mining Pty Ltd upon completion of the Trial Mining Works.

Upon completion being effected, the Company and Huang Jin Mining Pty Ltd are deemed to have entered into an unincorporated joint venture agreement in the form annexed to the agreement (**JV Agreement**) to govern the ongoing development, management and operation of EL 5116 and MIN 5471 (**JV Tenements**).



Pursuant to the terms of the JV Agreement the Company will be responsible for all costs associated with the maintenance, operation and development of the JV Tenements up to and including completion of the Trial Mining Works. Following completion of the Trial Mining Works, the Company and Huang Jin Mining Pty Ltd will be responsible for all costs associated with the maintenance, operation and development of the JV Tenements in the following proportions:

- the Company – 90%; and
- Huang Jim Mining Pty Ltd – 10%.

### **Sheeps Head Agreement**

By agreement dated 21 October 2009, the Company has agreed to acquire mining licence 4986 (Vic) and various plant and equipment from James McNamara.

The consideration payable by the Company to McNamara for the transfer of the tenement, plant and equipment is \$50,000 (plus GST). The consideration will be payable by the Company to McNamara on the completion date. The completion date is the date upon which the Company's Shares are quoted on the official list of the ASX. It is a condition precedent to completion that the Company's securities are quoted on the official list of the ASX.

### **Moliagul Agreement**

By agreement dated 21 October 2009 the Company has agreed to acquire mining licence 5370 (Vic) and Mining Licence 5371 (Vic) from Robert Palmer (**Palmer**) and Douglass Wakley Cahill (**Cahill**). Since execution of the agreement MIN 5370 and MIN 5371 have been amalgamated into MIN 5371.

The consideration payable by the Company to Huang Jin Mining Pty Ltd for the transfer of the tenements is the issue of 50,000 ordinary fully paid up shares in the Company at a value of 20 cents per share. 25,000 shares will be issued to Cahill; and 25,000 shares to Palmer. The consideration will be issued to Palmer and Cahill on the completion date. The completion date is the date upon which the Company's Shares are quoted on the official list of the ASX. It is a condition precedent to completion that the Company's securities are quoted on the official list of the ASX.

### **Christmas and Edmonds Reef Agreement**

By agreement dated 21 October 2009, Terrence Frerk (**Frerk**) has agreed to grant the Company an option to purchase and a licence to access and utilise Mining Licence 4611 (Vic), Mining Licence 5068 (Vic), and certain plant and equipment.

The term of the licence commences on 21 October 2009 and expires on the date 12 months following the quotation of the Company's Shares on the ASX. The Company may terminate the agreement by providing Frerk with one months written notice in writing. The agreement provides for the Company to pay Frerk weekly licence fees in consideration

for the grant of licence. Throughout the duration of the licence term the Company must maintain the plant and equipment in good repair.

For the duration of the licence term the Company must meet the expenditure, reporting, and other requirements applicable to the tenements, pay tenement rentals as and when they fall due, rehabilitate any and all environmental disturbance caused by its exploration and mining activities where required to do so by the law and the terms and conditions of the tenements. The Company will be entitled to exploit any minerals located, targeted, identified or extracted from, on or below the area the subject of the tenements.

The Company holds an option to purchase the tenements and plant and equipment for \$200,000 by providing written notice to Frerk at any time during the licence term.

### **Executive Remuneration**

The Company's Executive Directors, Douglas Cahill and Kevin Nichol have entered into executive Employment agreements for a minimum period of 12 months from the Company's listing on the ASX.

The Executive Directors will perform such duties and exercise such powers as are specified in the agreements. The Executive Directors must perform their duties with due care and diligence and protect and promote the Company's interests to the best of their ability.

The agreements impose certain restrictions on the Executive Directors from dealing with any client (or related entity of a client) of the Company for a period of 1 year following termination of the agreements and competing against the Company for a similar time.

Mr Cahill will receive remuneration of \$150,000 per annum subject to yearly reviews. Mr Nichol will receive remuneration of \$90,000 per annum subject to yearly reviews. The Company may consider further appropriate incentive packages for the Directors based on the profitable performance of the Company going forward.

### **Indigenous Land Use Agreement –MIN 5371**

The ILUA dated 17 May 2008 applies to MIN 5371 (**Licence Area**) and sets out the following:-

- (a) Terms and conditions governing the tenement holder's access and use of the Licence Area;
- (b) Terms and conditions regulating mining of the Licence Area by the Tenement Holders; and
- (c) Compensation payable by the Tenement Holders to the Native Title Holders.

The ILUA also provides for the parties to comply with the Cultural Heritage Management Procedures set out in Schedule A of the ILUA. The CHM Procedures require the tenement holders to comply with certain procedures where proposed mining works affect any Aboriginal place, object or remains.

The ILUA also requires the Tenement Holder to remunerate the officer appointed by the Native Title Holders as follows:-

- (a) \$450 plus GST for a 1-day initial site inspection;
- (b) \$450.00 plus GST for any further attendances for a period of more than 4 hours; and
- (c) \$250 plus GST for any further attendances for a period of less than 4 hours.

The ILUA requires the Tenement Holders to pay the Native Title Holders an amount equal to 2.0% of gross profits (to be calculated at the point of sale of the mineral) generated from any mining carried out within the Licenced Area by the Tenement Holder pursuant to the mining licences. This payment must be made within 2 months of the end of each financial year.

### **Compensation Agreement with Holford**

On 26 May 2009, Huang Jin Mining Pty Ltd (**Tenement Holder**) entered into a "Mining and Compensation Agreement" with Rodney Holford (**Holford**), which was subsequently varied on 20 October 2009 (**Compensation Agreement**).

The Compensation Agreement permits the Tenement Holder to undertake specific mining related activities (**Works**) on Holford's property, which falls within MIN 5471 and EL 5116.

The Compensation Agreement has a term of 5 years with an option for a further 5 years provided the tenement holder complies with the applicable notice requirements.

In addition to general maintenance obligations, the tenement holder must contribute funds towards extending existing powerlines from Holford's property to the mine site within the tenement.

The Tenement Holder must pay to Holford an amount equal to 2.5% of the gross value of gold recovered from Longs Shaft and Cockies Rush. This amount is payable monthly for the life of the mine and will include any tenement further developed from MIN 5471. Fees in the amount of \$200.00 per hole drilled by the Tenement Holder (for exploratory purposes) must also be paid to Holford.

### **Deeds of Access, Indemnity & Insurance**

The Company has entered into deeds of access, indemnity and insurance with each of the Directors, under which the Company has agreed to:

- continue to provide the Directors with access to certain relevant information after they cease to be directors;
- to the extent permitted by law, indemnify the Directors against liabilities incurred in their capacity as directors of the Company and its subsidiaries; and
- maintain certain Directors' liability insurance in respect of the Directors, both during and after the period they are directors.

## 9.4 Interests of Advisers for Disclosure

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional , expert, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last two years, in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; and
- has been paid, or agreed to be paid and no benefit has been given, or agreed to be given, to any person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

### **Advisers' interests**

HK Securities Pty Ltd has acted as sponsor to the Issue. The Company has agreed to pay a one off fee of \$10,000 to HK Securities Pty Ltd in consideration for performing its duties as sponsor to the Issue.

AFS and Associates Pty Ltd has prepared the Independent Accountants Report contained in section 6 of this Prospectus. The Company has paid, or agreed to pay, approximately \$5,000 for these services to the date of this Prospectus. Further amounts may be paid in accordance with its time-based charges.

Hemming+Hart has acted as legal adviser to the Company in relation to the Offer, has prepared the Solicitor's Report contained in section 8 of this Prospectus, and has advised the Company generally in relation to its admission to the Official List and has also performed work in relation to due diligence enquiries and acquisition of the Tenements. The Company has paid, or agreed to pay, approximately \$40,000 for these services to the date of this Prospectus. Further amounts may be paid in accordance with its time-based charges.

Chris Young Consulting Pty Ltd has acted as Independent Geologists to the Offer and has prepared the Independent Geological Report set out in Section 7 of this Prospectus. Chris Young Consulting Pty Ltd will be paid an amount of \$8,000 in respect of this service.

## 9.5 Consents

The following persons have given and have not, before the date of this Prospectus, withdrawn their consent to:

- be named in the Prospectus in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in the Prospectus; and
- the inclusion of other statements in the Prospectus which are based or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of Company/Person	Named as	Reports or statements
HK Securities Pty Ltd	Sponsor to the Issue	No
Andrew Frewin Stewart	Auditor	No
Advanced Share Registry Services Limited	Share Registry	No
AFS and Associates Pty Ltd	Investigating Accountant	Section 6 Investigating Accountant's Report
Hemming+Hart	Legal adviser to the Offer	Section 8 Solicitor's Report
Chris Young Consulting Pty Ltd	Independent Geologist Report	Section 7 Independent Geologist's Report

### Disclaimers

Each person named above as having given its consent to the inclusion of a statement or being named in the Prospectus:

- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement in this Prospectus is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement or report, a statement or report included in this Prospectus with the consent of that person; and
- to the maximum extent permitted by the law, expressly disclaims and takes no responsibility for any part of this Prospectus, other than a reference to its name and, in the case of a person having given their consent to the inclusion of a statement, any statement or report which has been included in this Prospectus with the consent of that party.

## 9.6 Foreign Ownership Restrictions

Acquisitions of interests in Shares in Australian companies such as the Company by foreign persons are subject to review and approval by the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975 (Cth). That statute applies to any acquisition of 15% or more of the shares of an Australian company or any acquisition which results in one foreign person or group of associated foreign persons controlling 15% or more of total voting power. In addition, the statute applies to any acquisition by non associated foreign persons resulting in foreign persons controlling, in the aggregate, 40% or more of total voting power or ownership. Investors to whom this may apply should consult their professional advisers to determine whether the Foreign Acquisitions and Takeovers Act 1975 (Cth) may affect their holding of shares.

## 9.7 Interests of Directors

The Directors of the Company or their associates have a beneficial interest in the following Shares in the Company at the date of this Prospectus.

Name	Shares	
	Direct	Indirect*
Douglass Cahill	3,400,001	NIL
Kevin Nichol	1,750,001	NIL
Peter Avery	NIL	3,000,001

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of the Company and no firm in which a Director or proposed Director of the Company is or was at the relevant time a partner, has or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company.
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

## 9.8 Payments to Directors

Under the Company's Constitution the total amount of remuneration paid to all Directors as director fees must not be increased unless authorised by the company in General Meeting. Directors are entitled to be reimbursed for travelling and other expenses incurred in attending meetings or in relation to the business of the Company. The Constitution of the Company provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner and proportion as they agree.

## 9.9 Future Loyalty Options Issue to Shareholders

All shareholders on the register of Victorian Gold Mines N.L. at a date to be announced within 100 days after the shares are admitted to the Official List of the ASX, will be entitled to participate in a non renounceable entitlement issue of options on the basis of one option for every two shares held. The options are to be issued at 1 cent each with an exercise price of 20 cents and an expiry date of 31 March 2014. A disclosure document for the entitlement issue of options will be issued.

## 9.10 Corporate Governance

### **Incorporation of Corporate Governance Material**

The Directors are responsible for protecting the rights and interests of the Shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the Company's resources, functions and assets.

## **General**

The Directors do not consider that the Company is of a sufficient size or that its affairs are of such complexity as to justify the formation of special or separate committees. The Board as a whole is able to address the governance aspects of the Company's activities and ensure that it adheres to appropriate ethical standards.

This information below outlines the main corporate governance policies which the Directors have adopted.

## **Composition of the Board**

The Board comprises three Directors. The names, qualifications and relevant experience of each Director are set out in this Prospectus. There is no requirement for any Director's shareholding qualification.

Board policy is that the Board will constantly review and monitor its performance. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the Board may seek to appoint persons who, in the opinion of the Board, will provide specialist expertise required for the Board to adequately perform its role.

## **Board Membership**

Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the mining industry.

## **Appointment and Retirement of Directors**

The Company's Constitution provides that Directors are subject to retirement by rotation (with the exception of the Managing Director) by order of length of appointment. Retiring Directors are eligible for re election by shareholders at the annual general meeting of the Company.

## **Duties of Directors**

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other Boards. Accordingly, Directors wishing to accept appointment to other Boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

## **Independent Professional Advice**

The Board has determined that individual Directors may, in appropriate circumstances, engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

### **Compensation Arrangements and Remuneration Committee**

The maximum aggregate amount payable to non - executive Directors as Directors' fees has been set at \$60,000 per annum. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting.

The Board acts as nomination and remuneration committee.

### **Audit and Risk Management Committee**

The Board acts as an audit and risk management committee. The Company has adopted an Audit & Risk Management Charter setting out the composition, purpose, powers and scope of the audit and risk management committee as well as reporting requirements to the Board as a whole.

### **Internal Management Controls**

Control over the operations is exercised by its executive directors and exploration managers. The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

### **Identifying Significant Business Risks**

The Board regularly monitors the operational and financial performance of the Company's activities. The Board acting as the audit and risk management Committee, monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's Shares. However, the Directors recognise that mineral exploration and evaluation is inherently risky.

### **ASX Corporate Governance**

To further enhance ASX listed entities' disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established on 1 August 2002. The CGC was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities. The CGC has released its Corporate Governance Principles and Recommendations (ASX Guidelines) which will apply to the Company's financial statements upon listing on ASX. The ASX Guidelines articulate eight core principles that CGC believes underlie good corporate governance. The ASX Guidelines provide that a listed entity's Annual Report is required to disclose its main corporate governance practices and also the extent to which the entity complies with the ASX Guidelines and where it does not, to explain why.

The information below outlines the main corporate governance policies of the Company which the directors have adopted, as well as addressing in some detail the ASX Guidelines.

Before referring to the specific principles set out in the ASX Guidelines and the steps being taken by the Company to comply with those, the following factors should be noted:



Each of the Directors dedicates considerable time and effort to the affairs of the Company. The Directors manage to do so within busy schedules for other work and business commitments and as a consequence, the principal focus of their endeavours (while operating within a sound base for corporate governance) must necessarily be promotion of the Company's activities and improving shareholder value.

Following successful listing the Company does not expect to be included within the ASX 200 upon listing. Accordingly, the ASX Guidelines will not automatically become binding on the Company. That said, the Company is committed to adopting corporate governance policies commensurate with its business activities and has adopted a formal Corporate Governance Compliance Manual, setting out the roles and responsibilities of the committees described above.

It is within the above context that the directors are establishing the appropriate processes to ensure that they are compliant with a number of ASX Guidelines on listing. In the context of those Guidelines, the directors make the following observations in relation to the Company's corporate governance status:

ASX Guidelines	Summary of the Company's position
Principle One – Lay solid foundations for management and oversight	The Company has two executive directors who are subject to a contract regulating roles with the Company, and who report to the Board
Principle Two – Structure Board to Add Value	The Company has one non-executive director with extensive public company experience.
Principle Three – Promote Ethical and Responsible Decision Making	The Company has adopted both: Disclosure Programme and Procedures – regulating the duties of directors and their dealings with the company (and Shares) both internally and externally; and A Corporate Code of Conduct – regulating the Company's external dealings and dealings with Shareholders.
Principle Four – Safeguard Integrity in Financial Reporting	The Company has adopted an Audit and Risk Committee Charter, and Risk Management Charter. The Board acts as the Audit Committee.
Principle Five – Make Timely and Balanced Disclosure	The Company has defined, under its Disclosure Programme and Procedures, an internal protocol for the reporting of material information to Shareholders and ASX.
Principle Six – Respect the Rights of Shareholders	The Company is committed to all Shareholders and stakeholders having equal and timely access to material information regarding the operations and results of the Company. The Company will make regular ASX announcements and make these available on its website. The Company's Corporate Governance Compliance Manual sets out the behaviour required of Directors, employees and contractors as appropriate and including the observance of legal and other compliance obligations that relate to the Company's activities from time to time.
Principle Seven – Recognise and Manage Risk	The Board under the Audit & Risk Committee Charter and Risk Management Charter has responsibility for overseeing the Company's risk management and internal control framework and implementation of the processes to undertake and assess risk management and internal control compliance.
Principle Eight – Remunerate Fairly and Responsibly	A Remuneration and Nomination Committee is constituted by the Board and has been established to make recommendations regarding all aspects of executive and non-executive director nominations and management remuneration packages.

## 9.11 Litigation

The Directors are not aware of any litigation of a material nature in progress, pending or threatened, which may significantly affect the financial position of the Company.

## 9.12 Expenses of the Offer

It is estimated the Company will incur the following expenses in respect of broking, legal, accounting, corporate advisory, experts' fees, printing, ASIC and ASX fees and other costs (exclusive of GST) arising from this Prospectus and the Offer:

- \$242,000 in the event the minimum subscription of 11,000,000 Shares is achieved and \$2,200,000 is raised; or
- \$290,000 in the event the Offer is fully subscribed and \$3,000,000 is raised.

## 9.13 Documents Available for Inspection

Copies of the following documents are available for inspection during normal office hours free of charge at the registered office of the Company at 7-9 View Point Bendigo, Victoria for a period of not less than 12 months from the date of this Prospectus:

- (a) Directors consents for the lodgement of the Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in section 9.5 of this Prospectus.

## 9.14 Authorisation

Each of the Directors of the Company has consented to the lodgement of the Prospectus with the ASIC.

Signed on the date of this Prospectus on behalf of the Company by:



**Kevin Nichol**

Director

## 10. Definitions

Term	Meaning
<b>\$ or \$A</b>	The currency of Australia
<b>AEDT</b>	Australian Eastern Daylight Time
<b>Application</b>	A valid application made to subscribe for a specified number of Shares in accordance with the Offer
<b>Application Form</b>	The application form enclosed with and forming part of this Prospectus
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange Limited ABN 98 008 624 691
<b>ASTC Settlement Rules</b>	The operating rules of the ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532
<b>Board</b>	The Board of Directors of the Company
<b>Business Day</b>	Has the meaning ascribed to it in the Listing Rules
<b>CHESS</b>	Clearing House Electronic Subregister System
<b>Closing Date</b>	7.00pm AEDT on 4 December 2009 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice)
<b>Company or Victorian Gold Mines</b>	Victorian Gold Mines NL ACN 139 255 771
<b>Constitution</b>	The Constitution of the Company
<b>Corporations Act</b>	Corporations Act 2001 (Commonwealth)
<b>Cth</b>	Commonwealth
<b>Definitions</b>	The definitions contained in section 10 of this Prospectus.
<b>Directors</b>	Members of the Board of Directors of the Company
<b>EL</b>	Exploration licence issued pursuant to the <i>Mineral Resources (Sustainable Development) Act 1990 (Victoria)</i>
<b>Existing Shareholder</b>	The holder of Existing Shares
<b>Existing Shares</b>	The Shares on issue in the Company as at the date of this Prospectus
<b>g/t</b>	Grams to the tonne
<b>Issue or Offer</b>	The issue of Shares pursuant to this Prospectus
<b>Listing Rules</b>	The official listing rules of ASX
<b>NNTT</b>	National Native Title Tribunal
<b>Offer or Issue</b>	The issue of Shares pursuant to this Prospectus

Term	Meaning
<b>Official List</b>	The official list of the ASX
<b>Opening Date</b>	9 November 2009
<b>Prospectus</b>	Has the same meaning as Replacement Prospectus.
<b>Quotation</b>	Quotation of the Shares on the ASX
<b>Replacement Prospectus</b>	This replacement prospectus.
<b>Shares</b>	Fully paid ordinary shares in the capital of the Company
<b>Share Registry</b>	Advanced Share Registry Services Ltd
<b>Shareholder</b>	A person registered on the Company's Share register
<b>Solicitor's Report</b>	The report contained in section 8 of this Prospectus.
<b>Tenements</b>	Has the same meaning given to that term in the Solicitor's Report.
<b>Vendor Shares</b>	The Shares the Company is contractually obliged to issue to vendors of some of the Tenements upon Official Quotation.



# How to Complete the Application Form

Forward your completed application together with the Application Money to:

**By mail: Victorian Gold Mines NL Share Offer**      **or: Victorian Gold Mines NL Share Offer**  
**c/- Advanced Share Registry**      **PO BOX 1075**  
**150 Stirling Highway**      **Bendigo Central VIC 3552**  
**Nedlands W.A. 6009**

**Applications must be received by the Closing Date.**

**Please complete all relevant sections of the Application Form using BLOCK LETTERS.**

- A Enter the NUMBER OF SHARES you wish to apply for. Applications must be for the minimum of 10,000 shares and thereafter multiples of 1,000 as set down in Section 1 of the Prospectus.
- B Enter the TOTAL AMOUNT of Application Money payable. To calculate the amount, multiply the number of shares applied for by the amount per share.
- C Enter the FULL NAME(S) and TITLES(S) of all legal entities that are to be recorded as the registered holder(s). Refer to the name standards below for guidance on valid registration.
- D If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required, complete boxes C and D.
- E Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- F Enter the NAME and TELEPHONE NUMBER for a contact person that the registry can speak to if they have any queries regarding this application.
- G If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN).
- H Complete cheque details as requested. Payments must be made in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be made payable to "Victorian Gold Mines NL Share Offer Account" and crossed "Not Negotiable". Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application will be rejected.
- I Tick this box if you do not wish to receive additional material other than material relating to Victorian Gold Mines NL
- J Before completing the Application Form the applicant(s) declares that he or she has read the Prospectus to which this application relates. The applicant(s) agree(s) that this application is for shares in Victorian Gold Mines NL upon and subject to the terms of the Prospectus, agree(s) to take any number of shares equal to or less than the number of shares indicated in box A that may be issued to the applicant(s) pursuant to the Prospectus, and declare(s) that all details and statements made are complete and accurate.

## Ready Reckoner

This ready reckoner will help you calculate the money you need to pay at 20 cents per Share									
Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
10,000	\$2,000	15,000	\$3,000	20,000	\$4,000	25,000	\$5,000	30,000	\$6,000
35,000	\$7,000	40,000	\$8,000	50,000	\$10,000	100,000	\$20,000	200,000	\$40,000

## Correct Forms of Registrable Names

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one name given in full and the surname is required for each natural person.

Application Forms cannot be completed by persons under 18 years of age. Examples of the correct forms of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full not initials	Mr John Alfred Smith	JA Smith
Company Use the Company's full title not abbreviations	Ace Business Company Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family Account>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Jane Mary Smith Mr Frank William Smith <Estate John Smith Account>	Estate of late John Smith or John Smith deceased
Partnerships Use the partners personal names Use the Partnership Tax File Number	Mr John Robert Smith Mr Michael John Smith <John Smith and Son Account>	John Smith and Son
Clubs/ Unincorporated Bodies/ Business names Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association Account>	ABC Tennis Association
Superannuation Funds Use the names of the trustee(s) of the fund	Jane Smith Pty Ltd <Super Fund Account>	Jane Smith Pty Ltd Superannuation Fund

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**Victorian Gold Mines NL**

7-9 View Point

Bendigo, Victoria 3550

Phone 03 5441 5678

Fax 03 5442 5038

Email [generaladmin@victoriangoldmines.com.au](mailto:generaladmin@victoriangoldmines.com.au)

Website [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au)

