

Victorian Gold Mines NL

ACN 139 255 771

Prospectus

Non - Renounceable Rights Issue for Options

Prospectus for a pro-rata non-renounceable rights issue of up to 14,067,001 Options on the basis of 1 Option for every 2 Shares held on the Record Date of Wednesday 3 March 2010 at an issue price of 1 cent per Option, to raise approximately \$140,000.

Each Option is exercisable at 20 cents on or before 31 March 2014.

The Rights Issue closes at 5.00pm AEDT on 26 March 2010.

Important Information

This document is important and requires your immediate attention. It should be read in its entirety. Please read carefully the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately. An investment in the Options offered by this Prospectus should be considered as speculative.

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IMPORTANT INFORMATION

1. This Prospectus is dated 22 February 2010 and was lodged with ASIC on that date. No responsibility as to the contents of this Prospectus is taken by ASIC or ASX. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.
2. An electronic copy of this Prospectus is available on the Company's website at www.victoriangoldmines.com.au. Eligible Shareholders may obtain a hard copy of this Prospectus free of charge by contacting the Company on (03) 5441 5678 prior to the Closing Date.
3. This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act.
4. 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. The Offer is made only to those Eligible Shareholders with registered addresses in Australia or New Zealand and only those Eligible Shareholders will be Offered Options. In making this Offer to Eligible Shareholders in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand. The distribution of this Prospectus (electronically or otherwise) in jurisdictions outside Australia or New Zealand may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and seek your own advice on such restrictions. Any failure to comply with these restrictions may violate applicable securities laws.

KEY DATES

EVENT	DATE
Announcement of the Offer	5 February 2010
Notice sent to Shareholders detailing rights issue	23 February 2010
Shares quoted by ASX on an 'ex' entitlement basis	25 February 2010
Record Date to determine entitlements	3 March 2010
Dispatch of Prospectus and Entitlement and Acceptance Form	5 March 2010
Opening Date	8 March 2010
Closing Date	26 March 2010
Options quoted on a deferred settlement basis	29 March 2010
Dispatch date of holding statements	7 April 2010

All dates are subject to change and accordingly are indicative only. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to amend this indicative timetable and in particular, to extend the Closing Date or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date of allotment and issue of Options.

1. Details of the Offer

1.1 Overview of the Offer

This Prospectus contains an offer under a non-renounceable pro rata Rights Issue to Eligible Shareholders.

Options offered:	14,067,001 Options will be offered under the Rights Issue. The Company expects to raise \$140,670.01 if the Rights Issue is fully subscribed.
Terms of New Option:	The issue price for the Options is \$0.01 (1 cent) per Option. The exercise price of the Options is \$0.20 (20 cents) per Option. The expiry date of the Options is 31 March 2014.
Entitlements:	<p>Eligible Shareholders are entitled to participate in the Rights Issue and are offered 1 Option for every 2 Shares held. Eligible Shareholders are those persons registered as holders of Shares at 5.00 pm (AEDT) on the Record Date with registered addresses in Australia or New Zealand.</p> <p>The number of Options to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional Entitlements have been disregarded.</p> <p>Eligible Shareholders can not apply for additional Options over their Entitlement. Any Shortfall of Options will be placed in accordance with the Listing Rules at the sole discretion of the Directors within 3 months of the Closing Date on the same terms and price as in the Rights Issue.</p>

1.2 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00 am (AEDT) on 8 March 2010 and will close at 5.00 pm (AEDT) on 26 March 2010. The period of the Offer may be extended by the Company in accordance with the relevant provisions of the Corporations Act and the Listing Rules. Entitlement and Acceptance Forms received after the Closing Date will be rejected and application monies will be returned without interest.

1.3 Accepting your Entitlement

The number of Options to which each Eligible Shareholder is entitled is shown on the enclosed Entitlement and Acceptance Form.

Eligible Shareholders may accept their Entitlement either in part or whole.

Eligible Shareholders deciding to accept their Entitlement must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form. If you are in doubt as to the course of action to be taken, you should consult your professional adviser.

Please read carefully the instructions on the reverse side of the accompanying Entitlement and Acceptance Form regarding acceptance.

The Offer is non-renounceable. This means that an Eligible Shareholder's Entitlement is not transferable and will lapse unless a completed Entitlement and Acceptance Form and

Acceptance Monies reach the Company's Share registry by the Closing Date. The Closing Date for the Rights Issue is 5:00pm AEDT on 26 March 2010.

The payment of 1 cent per Option pursuant to the Offer must be made in full on Acceptance and must accompany the duly completed Entitlement and Acceptance Form.

Cheques in respect of Acceptances for Options must be in Australian currency drawn on an Australian bank, made payable to "**Victorian Gold Mines NL**" and crossed "Not Negotiable".

1.4 Shortfall

Any Options not taken up by Eligible Shareholders, will be placed in accordance with the Listing Rules at the sole discretion of the Directors within 3 months of the Closing Date on the same terms and price as in the Rights Issue.

1.5 Overseas Shareholders

Shareholders resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their entitlements.

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Eligible Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Eligible Shareholders registered outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Eligible Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to Eligible Shareholders registered outside of Australia and New Zealand.

For any enquiries, please contact Victorian Gold Mines on +61 3 5441 5678 (international) or 03 5441 5678 (National).

This Prospectus does not constitute an offer in any place in which or to any person whom it would not be lawful to make such an offer.

1.6 Allotment

The Options will be allotted and issued as soon as practicable after the Closing Date. Statements of holding for the Options will be mailed as soon as possible after the Closing Date. No Options will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

1.7 Official Quotation by ASX

Application for Official Quotation of the Options by ASX will be made by the Company within seven days of the date of this Prospectus. Application for Official Quotation of Shares allotted and issued as a result of the exercise of Entitlements under this Prospectus will be made within three business days of allotment and issue.

If ASX does not grant permission for Official Quotation of the Options within three months of the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Options offered by this Prospectus will be issued. In that circumstance, all Acceptances will be dealt with in accordance with Section 724 of the Corporations Act.

1.8 Electronic Prospectus

An electronic version of this Prospectus is available on the internet at www.victoriangoldmines.com.au. The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept the completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or an electronic copy of the Prospectus has been altered or tampered with in any way.

2. Actions Required by Eligible Shareholders

If you decide to take up all or part of your Entitlement you must do so by 5.00 pm (AEDT) on 26 March 2010. All or part of your Entitlement not accepted may be placed with other investors and you will receive no benefit. It is therefore important that you consider whether to take action either to take up your Entitlement in accordance with the instructions set out below, or allow them to lapse. Before allowing some of your Rights to lapse, you should consult your stockbroker or other professional adviser.

Overseas Shareholders should refer to section 1.5.

2.1 Entitlement and Acceptance Form

The enclosed Entitlement and Acceptance Form shows the number and cost of the Options to which you are entitled. The form contains instructions for taking up your Entitlement.

2.2 If you wish to take up all your Entitlement

You should complete the enclosed Entitlement and Acceptance Form and return it together with your cheque, bank draft or money order drawn on an Australian bank and in Australian dollars to the Company's Share Registry in accordance with the instructions on the Entitlement and Acceptance Form.

2.3 If you wish to take up part of your Entitlement

You should complete the enclosed Entitlement and Acceptance Form by inserting the number of Options you wish to apply for under this Prospectus and return it together with your cheque, bank draft or money order drawn on an Australian bank and in Australian dollars to the Company's Share Registry in accordance with the instructions on the Entitlement and Acceptance Form.

2.4 If you do not wish to accept any part of your Entitlement

You are not required to take any action. Your Entitlement will automatically lapse.

2.5 Enquiries

If you have any questions regarding your Entitlement, please contact the Company by telephone on +61 3 5441 5678 (international) 03 5441 5678 (national) or contact your stockbroker or other professional adviser.

3. Company overview

3.1 Background

The Company was listed on the ASX on 17 December 2009.

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 minimising 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.

3.2 Current Active Projects

The Wedderburn Project

The Company has carried out further work on the Wedderburn project, located 75 kilometres from Bendigo. The main shaft has been re-timbered and sunk deeper in order to contact the main reef system. Mains electricity has been extended to the site and this should reduce the cost of production. Over 100 tonnes of low-grade material has been stockpiled since listing and this material is ready for blending and processing once high grade mineralised material has been recovered.

Sheep's Head Project

Work on the Sheep's Head project, located 10 kilometres southeast of Bendigo, has seen the shaft be re-timbered. It is expected that mining operations will begin on the mineralised quartz reef. The Company's plans are to fund the current mine works until the end of March in order to allow the mine the best opportunity to become profitable.

The Bright Project

The Bright project is approximately 200 kilometres north east of Melbourne. The Company is planning to initially extend the audit. Government approvals for this will take the minimum of six to eight weeks. Trial mining should be feasible within the first six months from the completion of approvals.

The Company has carried out a sampling exercise and through that process a gold bearing reef system that is accessible for immediate trial mining via the current access audit has been identified. The Company intends to fast track and bring trial mining forward on the material in the exposed reef. The Company will continue with its planned activities and extend the current audit allowing further mineralisation to be accessed.

4. Effect of the Offer

4.1 Effect on the Capital Structure

Current capital structure

Shares on issue as per interim financial report	28,134,003
Existing options on issue (Note 1)	4,220,000

Capital structure after the Offer

The Share capital structure of the Company, immediately following the Offer, assuming the Offer is fully subscribed will be as follows:

Shares on issue as per interim financial report	28,134,003
Existing options on issue (Note 1)	4,220,000
Maximum number of Options to be issued under this Prospectus	14,067,001
Total Shares on issue after the Offer	28,134,003
Total options on issue after the Offer (Note 2)	20,367,001

Note 1 – The Company announced on 5 February 2010 that it intends to seek shareholder approval for the issue of a further 2,080,000 options, with an issue price of 1 cent each and exercisable at 20 cents on or before 31 March 2014.

Note 2 – This total assumes that none of the options currently on issue are exercised on the day after the Closing Date and includes 2,080,000 Options (referred to in Note 1) for which shareholder approval will be sought at a general meeting to be held on 1 April 2010.

4.2 Effect on the Balance Sheet

Set out below is the audited consolidated balance sheet of the Company as at 31 December 2009 together with an unaudited consolidated pro forma balance sheet as at 31 December 2009 incorporating the effects of the recent issue of options and the Offer.

		Actual	Pro Forma	
	Note 1	31 December 2009	05 February 2010	26 March 2010
		\$	\$	\$
Current Assets				
Cash and cash equivalents		1,995,891	2,038,091	2,169,561
Trade and other receivables		79,825	79,825	79,825
Other Current Assets		32,353	32,353	32,353
Total Current Assets		2,108,069	2,150,269	2,281,739
Non-Current Assets				
Property, plant and equipment		532,774	532,774	532,774

		Actual	Pro Forma	
Other non-current assets		384,520	384,520	384,520
Total Non-Current Assets		917,294	917,294	917,294
Total Assets		3,025,363	3,067,563	3,199,033
Current Liabilities				
Trade and other payables		270,667	270,667	270,667
Provisions		5,736	5,736	5,736
Total Current Liabilities		276,403	276,403	276,403
Total Liabilities		276,403	276,403	276,403
Net Assets		2,748,960	2,791,160	2,922,630
Equity				
Issued Capital	Note 2	2,874,081	2,916,281	3,047,751
Accumulated losses		(125,121)	(125,121)	(125,121)
Total Equity		2,748,960	2,791,160	2,922,630

Note 1 - Basis of preparation of the consolidated pro forma balance sheet.

The consolidated pro forma balance sheet illustrates the financial effect on the economic entity's 31 December 2009 financial position of certain significant events and proposed transactions occurring subsequent to 31 December 2009 (see note 2 below).

The consolidated pro forma balance sheet of the Company is a special purpose financial report which has been prepared from the consolidated balance sheet included in the Company's interim financial report for the half year ended 31 December 2009. That financial report was reviewed by the Company's auditors.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial report for the half year ended 31 December 2009. The consolidated pro forma balance sheet has been prepared in accordance with the recognition and measurement requirements (but not all the disclosure requirements) of Australian Accounting Standards.

Note 2 - Pro forma transactions

The pro forma transactions included in the consolidated pro forma balance sheet are:

- (a) As announced to the market on 5 February 2010 the issue of 4,220,000 Options at an issue price of 1cent per option.
- (b) Pursuant to this Prospectus, on 26 March 2010 the issue of 14,067,001 Options at 1cent each to raise \$140,670.01 cash.
- (c) As announced to the market on 5 February 2010 the issue of 2,080,000 Options at an issue price of 1 cent per option, for which shareholder approval will be sought at a general meeting to be held on 1 April 2010. The pro-forma accounts assume that shareholder approval will be obtained and these Option have been included.

5. Risk Factors

5.1 Introduction

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.

5.2 Stock Market Risk

Eligible Shareholders 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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. Success for the Company 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 either being carried out or planned by the Company and as described in the 2009 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 targets 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 the Company to commit expenditure to drilling programs, a substantial risk still exists that no viable resource will be identified. It is important that geological similarities be appreciated in the context that they only provide an indication rather than any determinative evidence of a viable outcome.

Hazards

The Company 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.

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 the 2009 Prospectus will, unless an exemption is granted, make one or more of the Company 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. Mining licence 5371 is also subject to a registered indigenous land use agreement. 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.

5.11 List not exhaustive

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Eligible Shareholders. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus. Accordingly, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the returns of capital or the market value of those Options. Eligible Shareholders should consider that a further investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

6. Additional information

6.1 Continuous Disclosure and documents available for Inspection

- (a) The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under these obligations the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules. The Company considers that it has complied with these requirements and that this Prospectus all information required to be included.
- (b) The Prospectus is issued under Section 713 of the *Corporations Act*. The section enables disclosing entities to issue a prospectus in relation to the securities in a class of securities which have been quoted by ASX at all times during the 12 months before the date of the Prospectus or options to acquire such securities. Apart from formal matters, this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the Options.
- (c) The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the closing date in relation to this Prospectus.
- (i) the annual financial report most recently lodged with ASIC by the Company (if applicable);
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual financial report and before the lodgement of the copy of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of that annual financial report and before the lodgement of this Prospectus with ASIC.

Copies of the documents lodged by the Company with ASIC or ASX may be obtained from or inspected at an office of ASIC.

- (d) The Company has made the following announcements to the ASX since its listing on 17 December 2009.

09/11/2009	Prospectus
07/12/2009	Supplementary Prospectus
16/12/2009	Admission to Official List
16/12/2009	Pre-Quotation Disclosure
16/12/2009	Top 20 Holders
16/12/2009	Constitution
16/12/2009	Appendix 1A
16/12/2009	Number and Escrow Period of Restricted Securities

16/12/2009	Statement confirming sales agreements
16/12/2009	Statement confirming sales agreements
16/12/2009	Corporate Governance Statement
16/12/2009	Pro-forma Balance Sheet
16/12/2009	Schedule of Commitments
16/12/2009	Top Spread report
16/12/2009	ASX Circular: Commencement of Official Quotation
16/12/2009	Amended Distribution Schedule
18/12/2009	Initial Director`s Interest Notice
18/12/2009	Initial Director`s Interest Notice
18/12/2009	Initial Director`s Interest Notice
18/12/2009	Substantial Shareholder Announcement
18/12/2009	Substantial Shareholder Announcement
18/12/2009	Substantial Shareholder Announcement
18/12/2009	Substantial Shareholder Announcement
23/12/2009	Change in substantial holding
23/12/2009	Change of Director`s Interest Notice
03/02/2010	Market Update: Production Fast Tracked
05/02/2010	Issue of Options
05/02/2010	Appendix 3B New Issue Announcement
05/02/2010	Non-Renounceable Issue- Loyalty Options

6.2 Market Prices of Ordinary Shares

Official Quotation of the Company's Shares commenced on 17 December 2009.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the period between 17 December 2009 and the date of this Prospectus are set out below:

	Price	Date
Highest	\$0.19	17 December 2009
Lowest	\$0.16	31 December 2009

The last market sale price of the Company's Shares on ASX on 19 February 2010 was 17 cents. There are currently no listed Options on issue.

6.3 Terms and Conditions of Options

The terms and conditions of the Options are:

- (a) Each Option entitles the holder to subscribe for one Share upon the payment of \$0.20.
- (b) The options will lapse at 5.00 pm AEDT on 31 March 2014 ("Expiry Date").
- (c) The Options are transferable and will be quoted for trading on the ASX.
- (d) Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the Company made during the currency of the Options, and will be granted a period of at least five Business Days before books close to exercise the Options.
- (e) Option holders shall be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least five Business Days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Options.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (g) If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of Option would have received if the Option had been exercised before the record date for the bonus issue.
- (h) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Option may be reduced in accordance with ASX Listing Rule 6.22.
- (i) The Options shall be exercisable at any time during the period commencing on the date of issue and ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the optionholder to exercise all or a specified number of Options held by him accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by him.
- (j) The Company shall allot the resultant Shares and deliver a statement of shareholding with a holders' identification number within five Business Days of exercise of the Options.
- (k) The Shares allotted shall rank, from the date of allotment, equally with the existing Shares in all respects.

6.4 Rights 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, Listing Rules and ASTC Settlement Rules.

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

6.5 Expenses of the Offer

The expenses of the Offer are estimated to be \$30,000.00.

6.6 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

6.7 Dividend Policy

The Company does not anticipate paying dividends for the forthcoming year.

6.8 Interests of Directors

The nature and extent of the interest (if any) that any of the directors of the Company holds or held during the last two years in the formation of the Company, property acquired or to be acquired by the Company in connection with its formation or promotion, or the Offer is set out below.

Interests in Securities

The interest of the Directors in the securities of the Company at the date of this Prospectus are as follows:

Directors	Number of Shares	Number of Existing Options
Kevin Nichol	1,800,001	Nil
Douglass Cahill	3,425,001	Nil
Peter Avery*	3,010,001	Nil

*Means some or all of the Shares are indirectly held.

Fees

The remuneration packages that applies to the current Directors of the Company and their associated entities are as follows.

Directors' remuneration

In the two years preceding lodgement of this Prospectus, the following amounts have been paid by the Company by way of remuneration for services provided by the

Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers:

- (a) As at 1 January 2010, Mr Nichol is entitled to \$120,000 per annum for his services as a Director of the Company, pursuant to a consultancy agreement. In the two years preceding lodgement of the Prospectus, Mr Nichol received \$17,500 (ex GST);
- (b) As at 1 January 2010, Mr Cahill is entitled to \$180,000 per annum for his services as Managing Director of the Company, pursuant to an agreement. In the two years preceding lodgement of the Prospectus Mr Cahill received \$30,250 (inc GST); and
- (c) As at 1 January 2010, Mr Avery is entitled to \$60,000 per annum for his services as a Director of the Company. In the two years preceding lodgement of the Prospectus Mr Avery received \$4,037.68.

Other than as 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.

6.9 Directors' Intentions

Mr Nichol has confirmed that it is his intention to acquire some or all of his Entitlement.

Mr Cahill has confirmed that it is his intention to acquire some or all of his Entitlement.

Mr Avery has confirmed that it is his intention to acquire some or all of his Entitlement.

6.10 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Options in the Company or dealing with an entitlement in the Rights Issue.

6.11 Subsequent Events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company;
- (b) the results of those operations; or

- (c) the state of affairs of the Company.

6.12 Interests of Experts and Advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers to the Offer (collectively **Prescribed Persons**). Other than as set out in this Prospectus no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company; or
- (c) the Offer of Options under this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the formation or promotion of the Company or the Offer of Options under this Prospectus.

Hemming+Hart Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, it has placed reasonable reliance upon the information provided to them by the Company. Hemming+Hart does not make any statement in this Prospectus. In respect of this work the Company estimates that it will pay approximately \$10,000 excluding GST and disbursements to Hemming+Hart and further amounts may be payable to Hemming+Hart in accordance with its normal time based charges.

Andrew Frewin Stewart has prepared the pro forma adjusted balance sheet contained in section 4 of this Prospectus. The Company has paid, or agreed to pay, approximately \$3,000 excluding GST and disbursements for these services to the date of this Prospectus. Further amounts may be paid in accordance with its time-based charges.

6.13 Consents and Disclaimers

Written consents to the issue of this Prospectus have been given and up to the lodgement of this Prospectus, have been not withdrawn by the following parties and each of the named parties consents to being named in this Prospectus in the form and context in which their name appears:

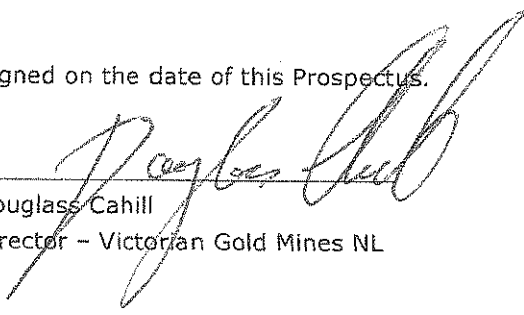
- (a) Hemming+Hart Lawyers
- (b) Andrew Frewin Stewart (auditors)
- (c) Advanced Share Registry Limited (registrar)

6.14 Director's Statement

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent. This Prospectus is signed for and on behalf of the Company by:

Signed on the date of this Prospectus.

Signed on the date of this Prospectus.



Douglas Cahill
Director - Victorian Gold Mines NL

7. Definitions

2009 Prospectus	The disclosure document issued by the Company under Chapter 6D of the Corporations Act for the offer to the public of fully paid ordinary shares to the public dated 23 October 2009 (including any replacement or supplementary disclosure document subsequently issued by the Company in relation to the original disclosure document).
\$	Australian dollars. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
Acceptance	The completion and return by Eligible Shareholders, as directed in the Entitlement and Acceptance Form, of the Entitlement and Acceptance form, together with Acceptance Monies, by the Closing Date.
Acceptance Monies	The amount of money required in accordance with this Prospectus to subscribe for Options.
AEDT	Australian Eastern Daylight Time.
Applicant	A person who submits an Entitlement and Acceptance Form under this Prospectus.
ASIC	The Australian Securities and Investments Commission.
ASTC Settlement Rules	The settlement rules of the operating facility provided by ASX Settlement and Transfer Corporation Pty Limited, which provides settlement processing facilities for ASX's market.
ASX	ASX Limited (ABN 98 008 624 691).
Board	The Board of Directors of the Company.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
Closing Date	26 March 2010 5.00pm AEDT.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth)
Directors	The directors of the Company.
Eligible Shareholder	A Shareholder who is entitled to subscribe for Options pursuant to the Offer.
Entitlement	The right of a Shareholder to subscribe for Options under the Offer.
Entitlement and Acceptance Form	The personalised entitlement and acceptance form which accompanies the Prospectus.

Listing Rules	The official listing rules of ASX.
Non-Renounceable	Eligible Shareholders may not sell or transfer all or any part of their entitlement to the Rights Issue.
Offer	The non-renounceable pro-rata issue of Options pursuant to this Prospectus.
Offer Period	The period commencing from the despatch on the Prospectus and ending on the Closing Date.
Official Quotation	Quotation of the Options on the ASX.
Options	The Options offered under this Prospectus and applied for by Eligible Shareholders.
Prospectus	This Prospectus dated 22 February 2010.
Record Date	3 March 2010.
Rights Issue	Means the offer contained in this Prospectus.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	The holder of Shares.
Shortfall	The difference between the total number of Options offered to Eligible Shareholders under the Offer and the number of Options applied for in exercise of the Rights Issue.
VGM or Company	Victorian Gold Mines NL (ACN 139 255 771).

CORPORATE DIRECTORY

<p>Directors</p> <p>Kevin Nichol - Chairman</p> <p>Douglass Cahill – Managing Director</p> <p>Peter Avery – Non-Executive Director</p>	<p>Company Secretary</p> <p>Michael Trifunovic</p>
<p>Registered and Principal Office</p> <p>7-9 View Point</p> <p>Bendigo, Victoria 3550</p> <p>Phone 03 5441 5678</p> <p>Fax 03 5442 5038</p> <p>Email generaladmin@victoriangoldmines.com.au</p> <p>Website www.victoriangoldmines.com.au</p>	<p>Auditors</p> <p>Andrew Frewin Stewart</p> <p>61-65 Bull Street</p> <p>Bendigo, Victoria 3550</p> <p>Phone 03 5443 0344</p> <p>Fax 03 5443 5304</p> <p>Email afs@afsbendigo.com.au</p> <p>Website www.afsbendigo.com.au</p>
<p>Share Registry</p> <p>Advanced Share Registry Limited</p> <p>150 Stirling Highway</p> <p>Nedlands Western Australia 6909</p> <p>Phone 08 9389 8033</p> <p>Fax 08 9389 7871</p> <p>Website www.advancedshare.com.au</p>	<p>Lawyers</p> <p>Hemming+Hart Lawyers</p> <p>Level 2, 307 Queen Street,</p> <p>Brisbane QLD 4000</p> <p>Phone: (07)3002 8700</p> <p>Fax: (07) 3221 3068</p> <p>Email: mail@hemhart.com.au</p> <p>www.hemhart.com.au</p>

VICTORIAN GOLD MINES NL
ACN 139 255 771

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR

SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway, NEDLANDS, WESTERN AUSTRALIA 6009.

Non-renounceable pro-rata entitlements issue of approximately 14,067,001 Options to be offered to Eligible Shareholders at a price of 1 cent per Option on the basis of 1 (one) Option for every 2 (two) Shares held at the Record Date, to raise up to a maximum of \$140,670.01 (Entitlements Issue) before expenses.

NON-RENOUNCEABLE ENTITLEMENT ISSUE, CLOSING

5.00 PM AEDT ON 26 MARCH 2010.

Sub-Register	:	
HIN/SRN	:	
Shareholding at Record Date 5.00pm AEDT 3 March 2010	:	
Entitlement to Option on a 1 Option for 2 Shares held basis	:	
Amount payable on acceptance at 1 cent per Option	:	

To the Directors
VICTORIAN GOLD MINES NL

- I/We the above mentioned, being registered on 3 March 2010 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;
- I/We hereby authorise you to place my/our name(s) on the register of optionholders in respect of the number of Options allotted to me/us and;
- I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OPTIONS

Options Accepted	Amount Enclosed at \$0.01(1 cent) per Option

METHOD OF ACCEPTANCE

You can apply for Options and make your payment by cheque, money order or bank draft utilising one of the payment options detailed overleaf.

PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch	Amount

My/Our contact numbers in the case of enquiry are:

Telephone:(.....)..... Email:

NOTE: Cheques should be made payable to **VICTORIAN GOLD MINES NL – OPTION ISSUE ACCOUNT**, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5.00 pm AEDT on **26 March 2010**.

Complete this panel and sign below only if a change of address is to be registered with the Company	
New Address:
Signature(s):	Date:
Please indicate correct title: Director / Secretary /	

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Options, which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each Option is \$0.01 (1 cent).
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for Options by utilising the payment options detailed below.

Your cheque, bank draft or money order should be made payable to **VICTORIAN GOLD MINES NL – OPTION ISSUE ACCOUNT** in Australian currency and crossed "Not Negotiable". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your Application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Options you apply for, you will be taken to have applied for such lower number of Options as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of Options you are entitled to apply on this form. The excess money will be refunded without interest.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are paying by cheque, bank draft or money order, your Application must be received by Advanced Share Registry Ltd ("ASW") by no later than 5.00 pm Perth time on 26 March 2010. You should allow sufficient time for this to occur. Return your application with cheque, bank draft or money order attached.

Neither Advanced Share Registry Ltd ("ASW") nor the Company accepts any responsibility if you lodge the application form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

If you have any enquiries concerning this form or your entitlement, please contact ASW on telephone 618 9389 8033 or fax 618 9389 7871.

- **CHESSE holders must contact their Controlling Participant to notify a change of address.**

- **By Mail**
VICTORIAN GOLD MINES NL –
Option Issue Account
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909

Or

Unit 2, 150 Stirling Hwy
Nedlands
Western Australia 6009