

VICTORY WEST MOLY LIMITED

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The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
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Dear Shareholders

CHINA GUANGSHOU GROUP TO FULLY FUND MOLYBDENUM PROJECT

Key Highlights:

- **China Guangshou Group Corp (“CGGC”) to acquire a 65% interest in the Malala Molybdenum Project (the “Project”)**
- **CGGC to provide sole funding for 100% of all expenditure required to take the Project into commercial and sustainable large scale production.**
- **Victory West (through its related entities) to retain a “free carried” interest of 27.5% in the Project (non contributing to production funding).**
- **CGGC are experienced Molybdenum miners with Molybdenum operations in China and North Korea.**
- **An aggressive timetable to Production to be undertaken. Key milestones include:**
 - **Initial exploration program of a minimum of 10,000 metres to be undertaken, and reviewed by a geological consulting group of international standard.**
 - **Definition of a 43-101 JORC resource that is capable of commercial production.**
 - **Production within 24 months from high grade mineralization identified during exploration.**
 - **Production to scale up to a minimum sustainable production target of 400,000 tonnes per month by 2016.**
- **VWM has also:**
 - **Successfully completed a A\$1.2m placement to sophisticated investors.**
 - **Entered into a binding Term Sheet to acquire the remaining 25% in Victory West Pty Ltd.**

Transaction Details

Victory West Moly Limited (ASX: VWM, FSE: R1E) (“**VWM**” or the “**Company**”) is pleased to announce the signing of a binding Memorandum of Understanding (“**MOU**”) with China Guangshou Group Corp (“**CGGC**”) that, subject to due diligence, is to acquire a 65% interest in the Malala Molybdenum Project.

CGGC is to commit to funding 100% of the exploration, development and exploitation costs required to take the Malala Molybdenum project into Production (“**Sole Funding Commitment**”).

Under the proposed agreement, Victory West and the Company’s local BUMD (Regency owned enterprise) partner are to be ‘free carried’ to large scale production (as defined below). As a result, Victory West and the BUMD will hold a direct or indirect interest of 27.5% and 5% respectively in the Malala Molybdenum Project. A further 2.5% interest will be acquired by local Chinese interests.

VWM and CGGC (the “Parties”) agree to work together to determine the most efficient structure to hold their respective project interests (direct or indirect).

The Parties have agreed to a 25 day completion period under the MOU, during which time the Parties will finalise legal and tax due diligence and enter into a Memorandum of Agreement (“**MOA**”) that will set out the detailed terms of the proposed transaction. Upon execution of the MOA, CGGC is to make a payment of US\$500,000, and an additional payment of US\$500,000 is payable within 70 days from the signing of the initial MOU.

In summary the key MOU milestones are:

- An initial exploration program of 10,000 metres (minimum) to be undertaken and reviewed by a geological consulting group of international standard.
- Definition of a suitable 43-101 JORC resource that is capable of commercial production.
- Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months.
- Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure.
- Minimum sustainable production target of 400,000 tonnes per month by 2016.

In the event that CGGC does not meet the agreed milestones within the agreed timeframes, the CGGC interest will be transferred back to the Company.

It is expected that an aggressive timetable to production will be undertaken (subject to local regulatory requirements) with an initial focus on identifying, defining and exploiting early production opportunities from high grade mineralization identified through early targeted exploration (“Small Scale Production”). The parties agree that any profits generated from Small Scale Production activities are to be reinvested to develop larger scale production mining projects with a minimum sustainable production target of 5 million tonnes per annum processing.

VWM's CEO, Robert Hyndes said *“over the last 6 months, we have been in active discussions with potential partners that have the financial strength, mining experience, and international standing to enable VWM to extract full value from the Malala Molybdenum Project. VWM is delighted to have attracted such a strong partner as CGGC who are not only experienced Molybdenum miners but have the global reach and financial capability to exploit the Project to its full potential and develop the resource into a world-class project”*.

The Project transaction is subject to specified conditions including Australian and Chinese regulatory approvals, due diligence and VWM shareholder approval.

About China Guangshou Group Co., Ltd

CGGC is a diversified international industrial group engaged in a broad range of operational and investment activities across industries including mining, engineering, construction and real estate (visit gsit.cc for further information). It is a trans-regional and multi-industry group enterprise under the approval of the State Administration of Industry & Commerce

CGGC has accumulated over 15 years of experience in mining development and investment since the commencement of the mining business in 1994, and has successfully established enterprises and teams in China (Guizhou, Sichuan, Fujian, Guangxi, Yunnan) and overseas (North Korea, Indonesia, Thailand, and Burma).

CGGC's enterprises include:

- China (Fujian Region). Molybdenum, lead zinc, gold and silver.
- China (Guizhou Region). Molybdenum, nickel, vanadium, and coal.
- China (Sichuan Region). Lead zinc.
- North Korea. Molybdenum.
- Indonesia. Manganese, and coal.
- Thailand. Manganese, and iron ore.

CGGC is mainly engaged in the exploitation and development of mining of molybdenum, lead zinc, copper, manganese, iron, silver, gold and coal. It possesses over 10 independent corporate bodies, over 40 mining certificates, 6 mines, 3 mineral separation factories and 2 coking factories.

Acquisition of Remaining 25% Interest in Victory West Pty Ltd

VWM is also pleased to advise that it has entered into a binding Term Sheet to acquire the remaining 25% interest in Victory West Pty Ltd (“**VW P/L**”). This Acquisition will take VWM's interest in the Malala Molybdenum project from 71.25% to 95% (prior to the proposed CGGC transaction). The benefits of the acquisition of the remaining 25% of VW P/L are clear as it allows VWM to maximise its MOU / MOA with CGGC.

The purchase consideration to be paid by VWM for the remaining 25% interest in VW P/L consists of the following:

- 25 million ordinary fully paid shares in VWM on completion of the transaction;
- 10 million performance shares convertible to fully paid ordinary shares (on a 1 for 1 basis) upon completion of a 10,000 metre drilling exploration program on the Project; and
- \$250,000 to be converted, at the election of VWM, to shares at VWM's next capital raising.

The transaction is subject to a number of key conditions, including;

- VWM shareholder approval;
- Execution of a final share sale agreement; and
- All necessary regulatory approvals, including any approvals required under the ASX Listing Rules.

It is anticipated that Meeting documents to seek shareholder approval will be sent as soon as practically possible.

Placement to Sophisticated Investors

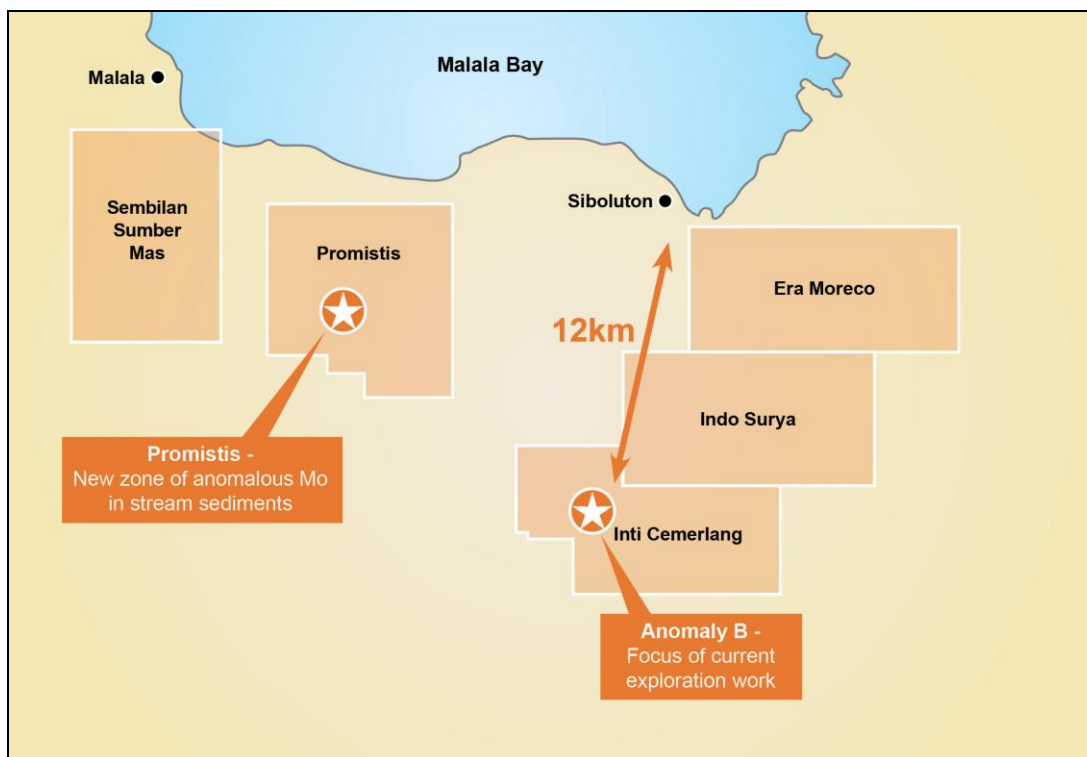
VWM has successfully completed a placement of A\$1.2m through the issue of 10 million fully paid shares at 12 cents (\$0.12) per share to sophisticated investors (708 investors) that will be used as working capital.

About the Malala Molybdenum Project

The Malala Molybdenum Project is comprised of 5 strategic exploration concession that are highly prospective for Molybdenum located in the Toli-Toli Regency at the northern tip of the island of Sulawesi in Indonesia covering a total area of 23,747Ha.



The concessions cover the most prospective sections of a former 3rd Generation Contract of Work (COW) held by Rio Tinto during 1977-1985 and for a period in joint venture with Santos Ltd during 1980-82.



Inti Cemerlang – Anomaly B

The Company is in the process of verifying and expanding an initial Exploration Target at Anomaly B which is located within the Inti Cemerlang concession of 105- 115Mt @ 660-900ppm Molybdenum based on previous work by Rio Tinto, Santos and the Company.

A number of geological data sets have now been combined with the results of an IP survey undertaken in March 2010 over Anomaly B, resulting in the definition of a revised geological model. This model highlights the potential for significant upside at Anomaly B, with the Target Zone increased from 800m to over 4km. This is an increase of more than 300% compared to previous knowledge providing significant upside in the Anomaly B Exploration Target.

Promistis

Promistis is a new discovery 10kms north-west of Anomaly B, was discovered by following up stream sediment samples of 8ppm Mo and is currently the focus of an aggressive exploration campaign. Work to date has identified enormous regional potential to make further discoveries. The recognition of the geological contact between the intrusive rocks and the sedimentary rocks has important implications for regional prospecting.

For further information on VWM, please visit www.victorywestmoly.com.au

Yours faithfully



Luke Martino
Company Secretary

About VWM

Victory West Moly Ltd is a metals focused resource exploration company listed on the Australian Securities Exchange (ASX code: VWM) and Frankfurt Stock Exchange (FSE code: R1E). The stated mission of the company is “finding, proving and extracting value from world class metals projects in South East Asia”. The company currently has, or is in the process of acquiring, majority interests in world class deposits of molybdenum and nickel.

VWM is currently focused on delineating the size and grade of the Anomaly B prospect through a series of exploration programs including drilling, trenching, geophysics and geochemistry. VWM is yet to define a JORC resources however, it is in the process of verifying an initial minimum Exploration Target at Anomaly B of 105-115Mt @ 660-900ppm Mo based on previous work by Rio Tinto, Santos and the Company. VWM expects to build on this target over time.*

Recent exploration suggests Anomaly B could be just one of a series of molybdenum-bearing prospects within the district, with regional reconnaissance generating a number of high priority targets, including a large target area within the PT Promistis concession.

** In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is based on exploration, evaluation and resource definition work performed by previous owners Rio Tinto and Santos.*