

11 January 2010

## USSU Nickel Project – Drilling Progress Update

- **A total of 27 holes (600m of drilling) completed**
- **High grade saprolite horizon thicker than expected**

**Victory West Moly Limited (ASX: VWM FSE: R1E)** the SE-Asia focused metals explorer, is pleased to provide an update of its drilling program at the USSU Nickel Project.

As at the date of this announcement a total of 27 holes totaling 600metres of drilling have been completed.

Encouragingly, the saprolite horizon has proven to be thicker than identified in historic drilling. This has been primarily due to 2 factors;

The historic drilling resulted in only a moderate percentage of drilled holes concluding in bedrock; and A change in the drilling program's standard operating procedure (SOP) whereby holes are drilled 3m into the bedrock compared with 1m formerly, has resulted in several holes identifying additional depth of saprolite below floating bedrock boulders.

As a result the average depth of the drilled holes has increased from an expected average of 15metres to 22metres.

An initial batch of sample results have been returned and are currently being compiled into a model for comparative analysis against the historical data. Upon sufficient sample results being received to achieve context, a further detailed announcement will be provided to the market.

Project Director, Rohan Erwin said *"Visiting Ussu site and inspecting the two rig drilling operation just prior to Christmas was very encouraging. Drilling contractor CV Fajar Jaya, now have both diamond drill rigs operating together and in conjunction with supervising Geologist GMT Indonesia are progressing well and achieving good core recovery and sample generation. Intersection of a deeper than expected Saprolite horizon has our site personnel (predominantly Ex Inco) excited and we look forward to the results of analysis and comparative grade modeling shortly"*

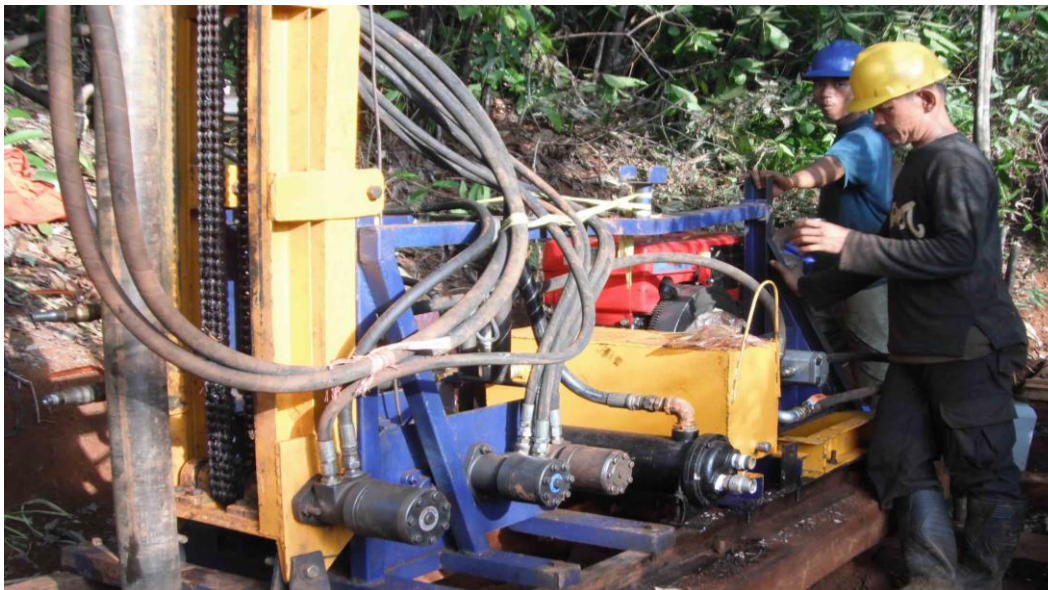
ENDS

### Competent Persons Statement

*The data in this announcement that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Gunter is a fulltime employee of GMT Indonesia and he consents to the result as they appear.*



VWM Project Director, Rohan Erwin on site with drilling crew



Drilling Rig in action



PT PUL Operations Manager Edy Panggabean (ex-Inco 30years) and GMT Consultant

For further information please contact:

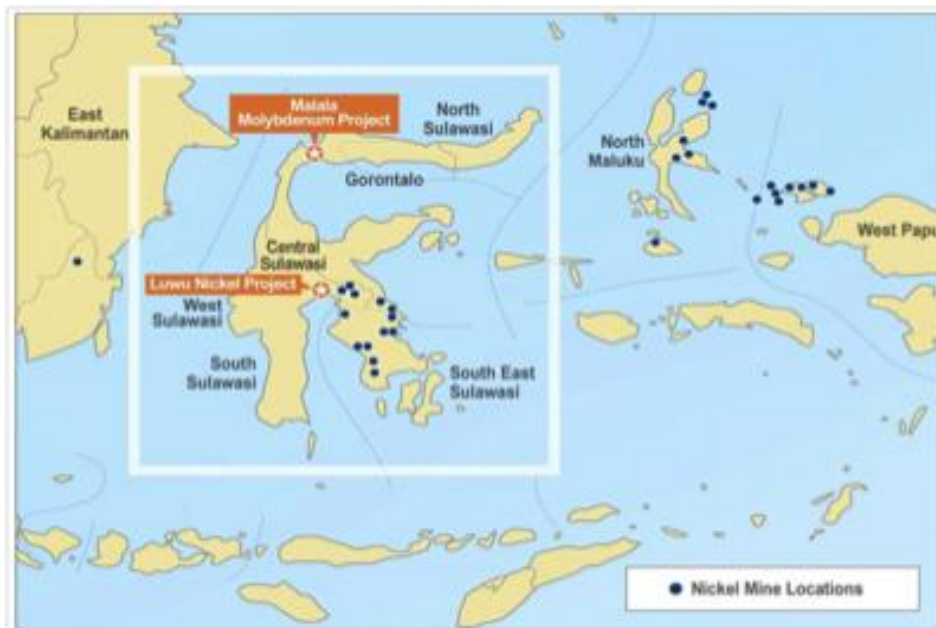
Robert Hyndes  
Victory West Moly  
+61 (0) 8 9381 5819

Tamatha Smith / Annette Ellis  
Purple Communications  
+61 (0) 8 6314 6300  
0433 569 701 / 0458 200 039

### About the USSU Nickel Project:

Victory West is in the processing of finalising the acquisition of a 70% interest in the highly prospective USSU Nickel Project covering approximately 1,608 hectares located in South Sulawesi, Indonesia.

- Located in Malili East Luwu in South Sulawesi within a known prolific nickel laterite province with several existing major operations nearby including Rio Tinto's 162Mt project and PT Inco's Sorowako 161Mt project.
- Highly prospective with a recently re-evaluated exploration target<sup>1</sup> of;
  - 25--30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in Saprolite; and
  - 15--20Mt @ 1.10--1.30% Nickel with 0.05% Cobalt and 29.6% Fe in Limonite
- Less than 40% of the concession has been explored providing significant further upside.
- Early commercialization through Direct Shipping Ore (DSO) high grade Saprolite nickel ore
- Favourable economics -- potentially low cost and rapid ramp-up to commercial production and cash flow.
- Feasibility and Environmental Studies in progress for Production and Operational IUP (Exploitation) concession application
- Robust market for DSO Nickel ore and continued strong nickel demand from key Asian markets.



<sup>1</sup> 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 concessions and any current assessment remains subject to ongoing exploration work and drilling and further exploration work may not result in the definition of a Mineral Resources or Ore Reserves.