



VICTORY WEST METALS LIMITED

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ASX ANNOUNCEMENT

18 December 2012

South East Asia Energy Resources Pte Ltd Signs Formal Agreement to Manage, Operate and Market 100% of the Coking Coal from PT PAR in East Kalimantan, Indonesia.

Victory West Metals Limited (ASX:VWM)(proposed to be renamed South East Asia Resources Limited) (**Company**) is pleased to provide the following update on the proposed acquisitions by South East Asia Energy Resources Pte Ltd (**SEAE**).

The directors of SEAE have signed a formal Agreement with PT Debbia Mining at a formal signing ceremony in Jakarta.

The Management License Agreement provides SEAE full title to all coal and production to existing jetty port facilities 34kms from the mine. All infrastructure is in place for immediate mine production including camp, mining equipment, haul road and processing crushing facilities. The management license agreement grants SEAE exclusivity to the project during the due diligence period.

The Coking Coal Project comprises of two coking coal-mining concessions with a total area of 164 ha with IUP Production approval over the whole area. The coal quality has been sampled over the 4 coal seams by SEAE Geologists and has been sent for independent analysis, the results of which are expected to be received shortly. The company will commercially market the coal as Coking Coal. Negotiations are underway with a Chinese Steel Mill in this regard.

SEAE will mobilise at PT PAR concession by 21 December 2012 to undertake further drilling, mine planning and preparation for coal production. Production from existing exposed coal seams is anticipated to commence in January 2013. There is no JORC reserves or resources reportable for this project at this stage.

It is proposed to undertake negotiations for the extension of rights to additional adjoining coking coal concession to establish a continuous operation for long term supply. This is anticipated to be concluded before 31 December 2012.

SEAE have engaged WNLP Lawyers Jakarta to assist with conducting legal due diligence and contract documentation.

The Coking Coal project will run concurrently with SEAE development of its other East and South Kalimantan Thermal coal developments.

VWM has entered into a Share Purchase Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), On 25 September 2012, VWM shareholders approved the acquisition of SEAE. On 5 December 2012, the Company announced that SEAE had entered into an Advanced Funding / Off-take Arrangement Term Sheet with Guandong Era Elemen Resources Co. Ltd (Guandong), guaranteed by the Company. Guandong has agreed to provide prepayment finance of US\$3 million to SEAE. This Advance satisfies the condition precedent to completion of the acquisition of SEAE that the Company raises \$3 million, and the Company will now proceed to complete the acquisition of SEAE imminently.

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Further enquires:

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About Victory West Metals Limited (Proposed to be renamed South East Asia Resources Limited)

Victory West Metals Ltd is a resources focused resource exploration company listed on the Australian Securities Exchange (ASX code: VWM) and Frankfurt Stock Exchange (FSE code: R1E), with a vision to find, prove and extract value from world class resource projects in South East Asia. The Company is building a resources portfolio with its cornerstone project Malala Molybdenum Project in the Toli Toli Province in North Sulawesi, Indonesia.

VWM has entered into a Share Purchase Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), which has an interest in the Penajam East Coal Project in Penajam Regency of East Kalimantan, Indonesia. On 25 September 2012, VWM shareholders approved the acquisition of SEAE. Completion of this acquisition is conditional upon a successful capital raising of \$3,000,000 and obtaining necessary business licenses, to be completed before 31 December 2012 or a later date agreed between parties. The acquisition will be satisfied by a total of 330 million fully paid shares and 33 million VWM options and a cash payment of \$750,000. Agreed milestones are in place for full payment of consideration

Forward looking statements

This announcement contains forward-looking statements which involve a number of assumptions, risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.