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ASX ANNOUNCEMENT

16 October 2012

Project acquisition advanced as more projects added to South East Asia Energy Resources (SEAE) project pipeline.

HIGHLIGHTS

- Penajam East – targeted project expansion identified
- Muara Enim South Sumatra Coal Terminal and Thermal Coal Concessions – feasibility completed by local authorities, negotiations progress
- South Kalimantan – Stage 2 due diligence completed on potential new project 1
- East Kalimantan – Stage 2 due diligence commenced on potential new project 2

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

1. Penajam East - East Kalimantan Expansion

In addition to the existing 2 coal concession of Penajam East project (185.13 hectares) which SEAE has an interest in and is currently progressing to development and production, SEAE is negotiating with the local owners for an additional 16 hectares considered prospective for coal. The area is adjacent to the existing Penajam East project concessions and, if acquired, will provide immediate access to additional coal concessions and provide ability to expedite coal production from the area.

Further details regarding the Penajam East project and SEAE's interest in this project are detailed in the Notice of Meeting dated 22 August 2012.

2. Muara Enim South Sumatra Coal Terminal and Thermal Coal Concessions

As previously announced, SEAE has received a signed letter of intentional support to provide an exclusive permit to develop and invest from the Regents Bupati of Muara Enim, a newly developing coal region in South Sumatra, Indonesia. This support is expected to lead to the completion of a 90%:10% Joint Venture arrangement between SEAE and the Muara Enim PERUSDA to develop a commercial coal hauling road and 20 million tonne pa major deep water coal port in Muara Enim.

The Regional Mines Department and Ports Authority in conjunction with SEAE have completed their internal feasibility study for the proposed commercial coal hauling road to provide access to the proposed port. This infrastructure will provide access to the new major mining concessions in the region.

With the finalisation of the feasibility by the Regional Mines Department and Ports Authority, SEAE will now progress negotiations of formal agreements to exclusively undertake detailed feasibility and project development. If successful, this development will provide SEAE with one of the only major export terminals which may service some 3 billion tonnes of newly identified thermal coal in the region.

3. Prospective high quality thermal Coal Project 1 South Kalimantan

SEAE has successfully completed initial legal and technical due diligence of two thermal coal concessions covering 1,090 ha together with a port license for a deep water port in South Kalimantan. The concessions are considered to be prospective for high quality export grade thermal coal and the port license will support direct loading to Panamax size vessels.

SEAE has committed to advance to formal agreements on the project to acquire 90% of the concessions and deep-water port project, subject to agreeing the final purchase price and terms and conditions with the vendor, and final legal and technical due diligence.

4. Prospective high quality thermal Coal Project 2 East Kalimantan

SEAE has identified a large 6,000 ha concession in East Kalimantan with production approval over the entire area (Project 2). The area is considered prospective for high quality export grade thermal coal.

SEAE plans to advance to Stage 2 due diligence within 14 days. This will involve a team on site for 14 to 21 days conducting technical due diligence to measure and quantify the data for the purpose of deciding whether to negotiate a Memorandum of Understanding (MOU) to acquire 90% of this project. Any acquisition is subject to agreeing the final purchase price and terms and conditions with the vendor, and final legal and technical due diligence.

END

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About Victory West Metals 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 October 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.