

24 February 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Shareholders

## **USSU Nickel Project – Construction and Development activities to commence**

- Leal Due Diligence completed and formal MOA executed with Indonesian Vendors.
- Construction and Development activities to commence at USSU Nickel Project
- Drilling program has been extended to include tight spaced drilling, nominally 25m x 25m in higher grade areas that will define the initial mining areas for the DSO operation.
- Project remains on track for first ore on ship by end 2-2011

### **USSU Nickel - Key Project Highlights**

- The Project is considered highly prospective with an initial exploration target of 40-50Mt @ 1.50-1.60% Nickel<sup>1</sup> (across both Limonite & Saprolite Horizons)
- Less than 40% of the concession has been explored providing significant further upside.
- Located close to a port site (~3km's) and historical exploration work indicates potential low stripping ratio with well-developed mineralization at surface.
- 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 Direct Shipping Ore (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 tenements and the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Victory West Moly Limited (ASX: VWM FSE: R1E) is pleased to announce the imminent commencement of construction and development activities at the USSU Nickel Project.

Activities will include clearing and commencement of earthworks for the:

- Initial Mining Area
- Mine roads
- Mine stockpile area
- Port Haul Road
- Port Area

Previously announced was an 80 hole drilling program targeting an inferred JORC by 1st QTR 2011, which is still on target. Currently the drilling program has been extended to include tight spaced drilling, nominally 25m x 25m in higher grade areas that will define the initial mining areas for the DSO operation.

Also importantly, Victory West has now completed its Legal Due Diligence on the USSU Nickel Project and Oceantide Investments Pty Ltd (100% to be acquired by Victory West) has executed a formal memorandum of agreement (“MOA”) with the local Indonesian vendors of PT Primara Utama Lestari (“PT PUL”) (Oceantide to acquire 70% equity) and are in the process of finalizing key transaction agreements (including conditional sale and purchase of shares agreement, new articles of associations and shareholders agreements) and will work expeditiously to facilitate the conversion of PT PUL into a PMA Company (foreign investor company).

The Company is to hold a General Meeting of Shareholders in early April 2011 to seek the approval from shareholders for the acquisition of the 70% equity interest in the USSU Nickel project through the 100% acquisition of Oceantide, and is on track to lodge the Notice of Meeting (NOM) next week.

The NOM will also include a Solicitor’s Report from Christian Teo & Associates the Company’s Indonesian lawyers (legal report) and an Independent Geologist Report from GMT Indonesia the Company’s Indonesian Geological Consultants.

**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.*

### About the USSU Nickel Project

The USSU Nickel Project is a highly prospective exploration IUP concession (The “Concession” or the “Project”) covering approximately 1,608 hectares located in Malili East Luwu in South Sulawesi and located within a prolific nickel laterite province with several existing major operations nearby (including Rio Tinto’s 162Mt project and PT Inco’s Sorowako 161Mt project).

The Project is held by Indonesian entity PT. Primara Utama Lestari (“PT PUL”) and VWM is in the process of finalizing the acquisition of the 70% equity interest in PT PUL.

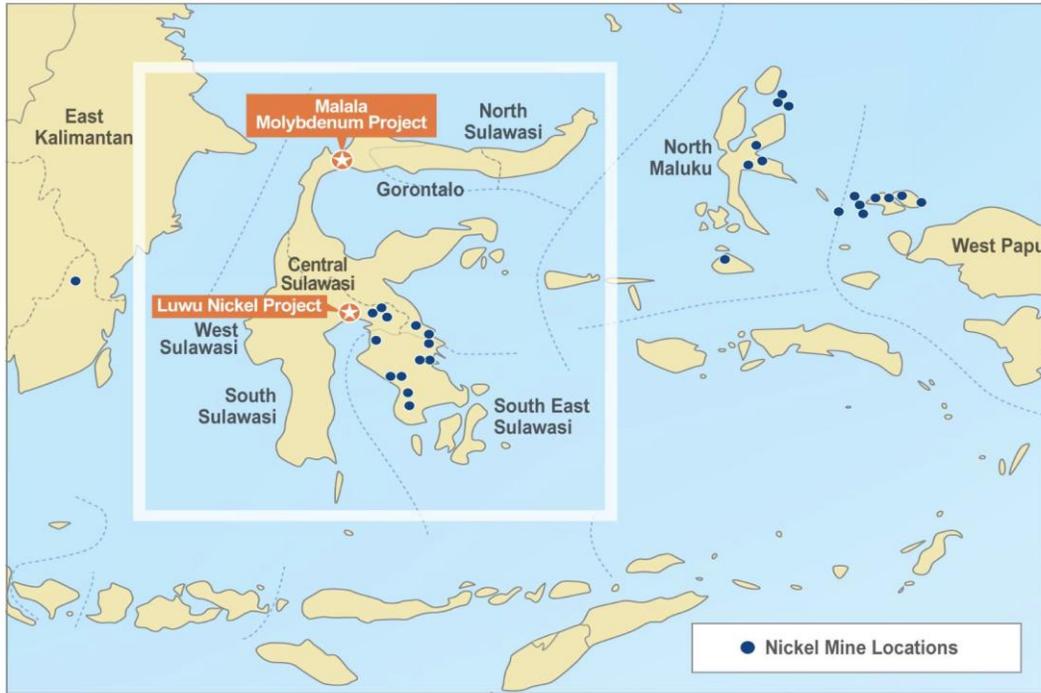


Figure 1: Location map of Luwu Nickel Project and the Company's cornerstone Malala Molybdenum Project.