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March 2010 Quarterly Activities Report

The Directors of Victorian Gold Mines N.L. (VGM) are pleased to present shareholders with the March quarterly report.

Operations

All company projects have been geologically reassessed with respect to work completed since listing.

MIN4986, which includes the “Great Southern Sheepshead” mine workings, has been sold following underground inspections and a reassessment of its potential.

MIN5471 “Allenvale Reef, Woolshed Flat”

Underground work at the 35m level of Longs Shaft intersected a 2m wide brecciated quartz vein 11m east of the shaft. Driving south on this reef should access the shoot of gold worked from Sullivans Shaft that was abandoned due to the inability to control ground water.

Work has been put on hold pending the completion of a 3 hole drilling program planned to locate and define the resource potential of the ore shoot worked both by Cameron and Sullivan.

When work was stopped drives to the north and south on the reef structure had been driven 5m and 16m respectively. All sampling of this reef has so far shown it to be sub economic. This quartz structure has distinct similarities to one occupying the near apex of the west limb of an anticlinal axial zone. This hypothesis is supported by the direction of common shearing and the lack of major reef development in the east crosscut of Long from the 19m level of Sullivans Shaft.

Extension of the south drive will put it adjacent to the Sullivans Shaft and the so called “Ballroom”. Failure to locate the “Ballroom” and evidence of Sullivans production mining will indicate that the ore shoot will be located on a parallel reef structure located further west.

The description of the reef being worked by Sullivan fits more with that of a high angle fissure controlled structure. What is known is that when Sullivans ore shoot is located it will be plunging north underfoot of the 35m level of Longs Shaft, whether it be hosted by a saddle or a fissure reef. Further deepening of the shaft will then be required to effectively work the ore shoot.

The directors support the geologists view that a short drill program will offer an opportunity to locate Sullivans ore shoot and allow planned future underground development.



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MIN5371 “Moliagul”

No work has been carried out on this project area in this quarter.

EL 5188 “Bright”

Exploration on the Bright Project area is expected to recommence mid May following a work program approval by the Victorian Department of Primary Industry.

A rock fall covering the section of the Victoria Reef in the New Victoria Adit that averaged 19.3g/t gold over a 25m section will be cleared and the drive rendered safe. Following this work the exposed reef will be sampled and future development planned.

Corporate

The company has taken the opportunity to reassess all projects and has authorised a drilling and sampling program over the coming quarter for both the Wedderburn and Bright projects. The use of drilling rigs is expected to begin in May. Sampling will be undertaken over the coming weeks and these results will be released as they come to hand. Drilling results will be released as soon as they are available.

The new management team is very conscious of the funds that shareholders have invested and have actively reduced the amount of expenditure dramatically and curtailed all unnecessary field and office expenditure. The total director's fees have been reduced by exactly one third and non essential capital equipment will be sold within this current quarter.

The directors have actively been looking to add another project to the company and are using strict criteria. The project must be of a scale that will provide the company with the ability to reach a critical mass. The board has already rejected several large projects because shareholder equity would have been detrimentally reduced. The directors are orientated towards a proactive corporate management approach and with this in mind; the board should be expected to have a strong chance of providing promising news over this current quarter.

Compliance Statement

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr Richard Alan Svanosio, who is a Member of the Australasian Institute of Geoscientists. Mr Svanosio has sufficient experience which is relevant to the styles of mineralization and types 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'. Mr Svanosio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.