

# **Victorian Gold Mines NL**

**ACN 139 255 771**

## **Prospectus**

### **Non Renounceable Rights Issue for Partly Paid Shares**

Prospectus for a pro-rata non-renounceable rights issue of up to 5,626,801 Partly Paid Shares on the basis of 1 Partly Paid Share for every 5 Shares held on the Record Date of Wednesday 7 July 2010 at an issue price of \$0.001 (one tenth of one cent) per Partly Paid Share, to initially raise approximately \$5,626.80. Each Partly Paid Share is issued with an amount unpaid of 10 cents.

**The Rights Issue closes at 5.00pm EST on 26 July 2010.**

### **Important Information**

This document is important and requires your immediate attention. It should be read in its entirety. Please read carefully the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately. An investment in the Partly Paid Shares offered by this Prospectus should be considered as speculative.

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## IMPORTANT INFORMATION

1. This Prospectus is dated 28 June 2010 and was lodged with ASIC on that date. No responsibility as to the contents of this Prospectus is taken by ASIC or ASX. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.
2. An electronic copy of this Prospectus is available on the Company's website at [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au). Eligible Shareholders may obtain a hard copy of this Prospectus free of charge by contacting the Company (03) 9692 7222 prior to the Closing Date.
3. This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act.
4. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Offer is made only to those Eligible Shareholders with registered addresses in Australia or New Zealand and only those Eligible Shareholders will be Offered Partly Paid Shares. In making this Offer to Eligible Shareholders in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand. The distribution of this Prospectus (electronically or otherwise) in jurisdictions outside Australia or New Zealand may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and seek your own advice on such restrictions. Any failure to comply with these restrictions may violate applicable securities laws.

## KEY DATES

| EVENT                                                      | DATE         |
|------------------------------------------------------------|--------------|
| Announcement of the Offer                                  | 1 June 2010  |
| Lodgement of Prospectus with ASIC                          | 28 June 2010 |
| Notice sent to Option holders detailing rights issue       | 28 June 2010 |
| Notice sent to Shareholders detailing rights issue         | 29 June 2010 |
| Shares quoted by ASX on an 'ex' entitlement basis          | 1 July 2010  |
| Record Date to determine entitlements                      | 7 July 2010  |
| Dispatch of Prospectus and Entitlement and Acceptance Form | 8 July 2010  |
| Opening Date                                               | 12 July 2010 |
| Closing Date                                               | 26 July 2010 |
| Partly Paid Shares quoted on a deferred settlement basis   | 27 July 2010 |
| Dispatch date of holding statements                        | 30 July 2010 |

All dates are subject to change and accordingly are indicative only. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to amend this indicative timetable and in particular, to extend the Closing Date or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date of allotment and issue of Partly Paid Shares.

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## 1. Details of the Offer

### 1.1 Overview of the Offer

This Prospectus contains an offer under a non-renounceable pro rata Rights Issue to Eligible Shareholders.

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Partly Paid Shares offered</b> | 5,626,801 Partly Paid Shares will be offered under the Rights Issue. The Company expects to raise \$5,626.80 if the Rights Issue is fully subscribed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Terms of Partly Paid Share</b> | The issue price for the Partly Paid Shares is \$0.001 (one tenth of one cent) per Partly Paid Share. Each Partly Paid Shares is issued with an amount unpaid of \$0.10 (10 cents) per Partly Paid Share. The terms of the Partly Paid Share are set out at section 6.3 of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Partly Paid</b>                | <p>The Company will require holders of Partly Paid Shares to pay the amount unpaid on the Partly Paid Shares. The Company's right to require payment are set out in section 6.3 of this Prospectus. At any time after 17 December 2012 the Company can require a part payment from holders of Partly Paid Shares (<b>call</b>). If a holder of Partly Paid Shares does not make the required payment under the call the Partly Paid Share will be forfeited. A holder of a Partly Paid Share can at any time make a full payment on the outstanding amount and on receipt of that payment the Partly Paid Shares shall be fully paid ordinary shares traded on the ASX.</p> <p>In the event that all Partly Paid Shares are paid up to the full amount unpaid (10 cents), a further \$562,680.10 will be raised.</p> |
| <b>Entitlements</b>               | <p>Eligible Shareholders are entitled to participate in the Rights Issue and are offered 1 Partly Paid Share for every 5 Shares held. Eligible Shareholders are those persons registered as holders of Shares at 5.00 pm (EST) on the Record Date with registered addresses in Australia or New Zealand.</p> <p>The number of Partly Paid Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional Entitlements less than 0.5 have been disregarded. Amounts equal to or greater than 0.5 have been rounded up to the next whole number.</p>                                                                                                                                                                                                        |

### 1.2 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00 am (EST) on 12 July 2010 and will close at 5.00 pm (EST) on 26 July 2010. The period of the Offer may be extended by the Company in accordance with the relevant provisions of the Corporations Act and the Listing Rules. Entitlement and Acceptance Forms received after the Closing Date will be rejected and application monies will be returned without interest.

### **1.3 Accepting your Entitlement**

The number of Partly Paid Shares to which each Eligible Shareholder is entitled is shown on the enclosed Entitlement and Acceptance Form.

Eligible Shareholders must accept their Entitlement either in part or whole.

Eligible Shareholders deciding to accept their Entitlement must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form. If you are in doubt as to the course of action to be taken, you should consult your professional adviser.

Please read carefully the instructions on the reverse side of the accompanying Entitlement and Acceptance Form regarding acceptance.

The Offer is non-renounceable. This means that an Eligible Shareholder's Entitlement is not transferable and will lapse unless a completed Entitlement and Acceptance Form and Acceptance Monies reach the Company's share registry by the Closing Date. The Closing Date for the Rights Issue is 5:00pm EST on 26 July 2010.

The payment of \$0.001 (one tenth of one cent) per Partly Paid Share pursuant to the Offer must be made in full on Acceptance and must accompany the duly completed Entitlement and Acceptance Form.

Cheques in respect of Acceptances for Partly Paid Shares must be in Australian currency drawn on an Australian bank, made payable to **"Victorian Gold Mines NL"** and crossed "Not Negotiable".

### **1.4 Balance of Partly Paid Shares**

Any Partly Paid Shares not taken up by Eligible Shareholders, Additional Partly Paid Shares, will be placed in accordance with the Listing Rules at the sole discretion of the Directors within 3 months of the Closing Date on the same terms and price as in the Rights Issue.

### **1.5 Overseas Shareholders**

Shareholders resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their entitlements.

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Eligible Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Eligible Shareholders registered outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Eligible Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to Eligible Shareholders registered outside of Australia and New Zealand.

For any enquiries, please contact Victorian Gold Mines on +61 03 9692 7222 (international) or (03) 9692 7222 (national).

This Prospectus does not constitute an offer in any place in which or to any person whom it would not be lawful to make such an offer.

## **1.6 Allotment**

The Partly Paid Shares will be allotted and issued as soon as practicable after the Closing Date. Statements of holding for the Partly Paid Shares will be mailed as soon as possible after the Closing Date. No Partly Paid Shares will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

## **1.7 Official Quotation by ASX**

Application for Official Quotation of the Partly Paid Shares by ASX will be made by the Company within seven days of the date of this Prospectus. Application for Official Quotation of Partly Paid Shares allotted and issued as a result of the exercise of Entitlements under this Prospectus will be made within three business days of allotment and issue.

If ASX does not grant permission for Official Quotation of the Partly Paid Shares within three months of the date of this Prospectus, or such longer period as is permitted by the *Corporations Act*, none of the Partly Paid Shares offered by this Prospectus will be issued. In that circumstance, all Acceptances will be dealt with in accordance with Section 724 of the Corporations Act.

## **1.8 Electronic Prospectus**

An electronic version of this Prospectus is available on the internet at [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au). The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept the completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or an electronic copy of the Prospectus has been altered or tampered with in any way.

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## **2. Actions Required by Eligible Shareholders**

If you decide to take up all or part of your Entitlement you must do so by 5.00 pm EST on 26 July 2010. All or part of your Entitlement not accepted may be taken up by other Eligible Shareholders or placed with other investors and you will receive no benefit. It is therefore important that you consider whether to take action either to take up your Entitlement in accordance with the instructions set out below, or allow them to lapse. Before allowing your Entitlement to lapse, you should consult your stockbroker or other professional adviser.

Overseas Shareholders should refer to section 1.5.

### **2.1 Entitlement and Acceptance Form**

The enclosed Entitlement and Acceptance Form shows the number and cost of the Partly Paid Shares to which you are entitled. The form contains instructions for taking up your Entitlement.

### **2.2 If you wish to take up all your Entitlement**

You should complete the enclosed Entitlement and Acceptance Form and return it together with your cheque, bank draft or money order drawn on an Australian bank and in Australian dollars to the Company's share registry in accordance with the instructions on the Entitlement and Acceptance Form.

### **2.3 If you wish to take up part of your Entitlement**

You should complete the enclosed Entitlement and Acceptance Form by inserting the number of Partly Paid Shares you wish to apply for under this Prospectus and return it together with your cheque, bank draft or money order drawn on an Australian bank and in Australian dollars to the Company's Share Registry in accordance with the instructions on the Entitlement and Acceptance Form.

### **2.4 If you do not wish to accept any part of your Entitlement**

You are not required to take any action. Your Entitlement will automatically lapse.

### **2.5 Enquiries**

If you have any questions regarding your Entitlement, please contact the Company by telephone on +61 03 9692 7222 (international) or (03) 9692 7222 (national) or contact your stockbroker or other professional adviser.

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## **3. Company overview**

### **3.1 Background**

The Company was listed on the ASX on 17 December 2009.

The corporate objectives of Victorian Gold Mines are:

- To review current projects and targets with the goal of optimising returns by re-establishing mining operations as quickly as possible. This includes re-timbering shafts, driving new adits and extending mine development. The company will be participating in limited drilling and minimising overheads by quickly relinquishing targets and licences once they become non-viable.
- To secure new projects and prospects by applying for new licences, acquiring existing licences and projects and via joint ventures.
- Focus on underground development and bulk sampling of existing mining licences with the intention of outlining minable gold resources that can quickly be brought to a sustainable production phase.

### **3.2 Current Projects**

The status of the Company's current projects are as set out in the Company's March 2010 Quarterly Report released on ASX on 16 April 2010 and in previous announcements released on the ASX.

### **3.3 Financial Accounts**

The latest statement on the financial position of the Company for the quarter ended 31 March 2010, was released on the ASX on 16 April 2010.

### **3.4 Use of funds raised**

Funds raised will be used for the ongoing working capital requirements of the Company.



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## 4. Effect of the Offer

### 4.1 Effect on the Capital Structure

#### *Current capital structure*

|                                                        |            |
|--------------------------------------------------------|------------|
| Shares on issue as per Appendix 3B issued 8 April 2010 | 28,134,003 |
| Existing Options on issue                              | 20,367,001 |
| Partly Paid Shares on issue (Note 1)                   | 4,200,000  |

#### *Capital structure after the Offer*

The Share capital structure of the Company, immediately following the Offer, assuming the Offer is fully subscribed will be as follows:

|                                                               |            |
|---------------------------------------------------------------|------------|
| Shares on issue as per latest Appendix 3B                     | 28,134,003 |
| Existing Options on issue                                     | 20,367,001 |
| Total Partly Paid Shares on issue (Note 1, Note 2 and Note 3) | 9,826,801  |

#### *Total Share on issue (partly paid and fully paid)*

|                                                                           |                   |
|---------------------------------------------------------------------------|-------------------|
| Total Shares on issue after the Offer                                     | 28,134,003        |
| Total Partly Paid Shares on issue after the Offer (Note 1 and Note 3)     | 9,826,801         |
| Total Shares if all Partly Paid Shares are fully paid (Note 2 and Note 3) | <b>37,960,804</b> |

**Note 1** - The Company announced on 1 June 2010 that it has placed 4,200,000 Partly Paid Shares, with an issue price of \$0.001 (one tenth of one cent) each on the same terms as the Partly Paid Shares issued under this Prospectus.

**Note 2** - The Company also announced on 1 June 2010 that it intends to seek shareholder approval for the issue of a further 18,300,000 Partly Paid Shares, with an issue price of \$0.001 (one tenth of one cent) each on the same terms as the Partly Paid Shares issued under this Prospectus. The general meeting is scheduled for 30 July 2010.

**Note 3** - This total assumes that none of the Options on issue are exercised by the Record Date.

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## **5. Risk Factors**

### **5.1 Introduction**

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. The exploration and development of natural resources is a speculative activity that involves a high degree of risk.

### **5.2 Stock Market Risk**

Eligible Shareholders should be aware that there are risks associated with investments in companies listed on ASX. The price of the securities of a publicly traded company can be highly volatile and the value of the Company's securities can be expected to fluctuate depending on various factors, and therefore the price of the Company's securities may trade below or above the offer price.

Various factors that may affect the market price of the Company's securities include exploration results, changes in commodity prices, stock market sentiment, general economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, market conditions that affect the mining industry worldwide.

### **5.3 General Economic Conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance to the Company.

The Company's performance may be influenced by changes in inflation, interest rates, exchange rates, business cycles and taxation.

### **5.4 Domestic Economic Conditions**

It is possible that a general downturn in the Australian economy will affect the performance of the Company and as such the market value of securities in the Company. Alterations in government fiscal, monetary and regulatory policies and changes in interest rates may also affect the performance of the Company.

### **5.5 Ongoing Financial Requirements**

The Company anticipates that its existing resources, together with the net proceeds of the Offer will enable it to carry out its planned operations. However further funding, either joint venture financing, debt, equity, or sale, or a combination of these may be required for the ongoing development of the Company's projects.

However, the Company's future financial requirements will depend upon various factors including the performance of the mining operation, fluctuations in the gold and currency markets, and general business conditions.

Should the Company need to raise additional funds there can be no assurance that additional funds would be available on a timely basis, on favourable terms or at all, or that such funds, if raised, would be sufficient to enable the Company to continue to implement its business strategy. If adequate funds are not available, the Company's business will be materially and adversely affected.

## **5.6 Government Policy and Legislative Changes**

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy.

## **5.7 Unforeseen Expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

## **5.8 Commodity Price Risk**

The Company's prospects and share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse effect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

## **5.9 Environmental Risks**

The Company's projects are subject to Australian laws and regulations in relation to environmental matters, which means there are potential liability and project risks. The Company proposes to comply with applicable laws and conduct its programs in a responsible manner with regard to the environment. However, the Company may be:

- (a) subject to potential liability related to the mining and extraction of gold and other metals by the Company; or
- (b) prevented from exploration or mining due to the environmental impact of its activities on an area.

Any such developments might impact adversely on the Company's Share price.

## **5.10 Specific Risks**

An investment in the Company involves many risks which may be higher than the risks associated with an investment in other companies. The specific risk factors that should be taken into account in assessing the Company's activities and investment in the Company include but are not limited to the following:

### ***Exploration and Operational Risks***

By its nature, the business of exploration is a speculative endeavour and involves significant risks. Success for the Company depends on the successful exploration and/or acquisition of resources or reserves, competent operational management, and efficient financial management. Further, the nature of the business of exploration can sometimes result in industrial accidents and other incidents beyond the control of the Company.

There can be no assurances that the proposed project exploration and trial mining either being carried out or planned by the Company and as described in the 2009 Prospectus, or any other projects or tenements that the Company may acquire in the future, will result in the discovery of a significant ore deposit. Even if a significant ore deposit is identified, there can be no guarantee that it can be economically exploited.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation, obtainment of necessary titles and access and government and other regulatory approvals. The exploration and mining activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of exploration funding.

### ***Mine Development Risk***

Possible future development of mining operations at any of the Company's projects is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, fires, explosions, adverse weather conditions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and precious metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its tenements or projects.

### ***Exploration Targets***

The geological characteristics of the Company's targets appear to have similar characteristics to locations where established exploration and mining operations are being successfully conducted. Similarity of geological characteristics is not determinative of any similarity in actual mineral resources. Whilst those characteristics may encourage the Company to commit expenditure to drilling programs, a substantial risk still exists that no viable resource will be identified. It is important that geological similarities be appreciated in the context that they only provide an indication rather than any determinative evidence of a viable outcome.

### ***Hazards***

The Company may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. The Company may incur a liability to third parties (in excess of its insurance cover) arising from pollution, environmental damage or other damage or injury.

### ***Contractors***

The Company is dependant on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments

in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the mining operation.

### ***Reliance on Key Personnel***

In formulating its exploration and mining programs, the Company relies to a significant extent upon the experience and expertise of the Executive Directors and management.

These persons possess knowledge of many of the Company's Tenements through extensive personal experience of prospecting in those areas.

Although information concerning the Company's Tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programs within the timeframes and within the cost structure as currently envisaged.

### ***Employees***

The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. Whilst the Company has entered into employment contracts with key employees, the retention of their services cannot be guaranteed. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations.

### ***Tenements***

A failure to adhere to the statutory expenditure requirements identified in the 2009 Prospectus will, unless an exemption is granted, make one or more of the Tenements subject to possible forfeiture.

### ***Resource Estimations***

Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its projects.

### ***Native Title, Aboriginal Heritage and Heritage***

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and mining activities, or obtain exploration or mining licences. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation. In carrying out exploration and/or mining operations it must observe Native Title legislation (where applicable), Aboriginal heritage legislation, and heritage legislation which protects sites and objects of significance.

Native title claims VC99/9 and VC00/1 have been registered in respect of mining licence 5371. Mining licence 5371 is also subject to a registered indigenous land use agreement. Compliance with the terms of this agreement may adversely affect the financial position and performance of the Company.

### ***Tenure and Access***

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for tenements will be approved.

The Company's Tenements are subject to numerous Victorian specific legislative conditions. The renewal of the term of a granted tenement is also subject to discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

### ***Joint Ventures***

The Company may wish to develop its projects or future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

#### **5.11 List not exhaustive**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Eligible Shareholders. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Partly Paid Shares offered under this Prospectus.

Accordingly, the Partly Paid Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the returns of capital or the market value of those Partly Paid Shares. Eligible Shareholders should consider that a further investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

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## 6. Additional information

### 6.1 Continuous Disclosure and documents available for Inspection

- (a) The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under these obligations the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules. The Company considers that it has complied with these requirements and that this Prospectus contains all information required to be included.
- (b) The Prospectus is issued under Section 713 of the Corporations Act. The section enables disclosing entities to issue a prospectus in relation to the securities in a class of securities which have been quoted by ASX at all times during the 3 months before the date of the Prospectus or an option to acquire such securities. Apart from formal matters, this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the Partly Paid Shares.
- (c) The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the closing date in relation to this Prospectus.
- (i) the annual financial report most recently lodged with ASIC by the Company (if applicable);
  - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual financial report and before the lodgement of the copy of this Prospectus with ASIC;
  - (iii) any continuous disclosure notices given by the Company after the lodgement of that annual financial report and before the lodgement of this Prospectus with ASIC.

Copies of the documents lodged by the Company with ASIC or ASX may be obtained from or inspected at an office of ASIC.

- (d) The Company has made the following announcements to the ASX since its listing on 17 December 2009.

|            |                                                   |
|------------|---------------------------------------------------|
| 09/11/2009 | Prospectus                                        |
| 07/12/2009 | Supplementary Prospectus                          |
| 16/12/2009 | Admission to Official List                        |
| 16/12/2009 | Pre-Quotation Disclosure                          |
| 16/12/2009 | Top 20 Holders                                    |
| 16/12/2009 | Constitution                                      |
| 16/12/2009 | Appendix 1A                                       |
| 16/12/2009 | Number and Escrow Period of Restricted Securities |

|            |                                                  |
|------------|--------------------------------------------------|
| 16/12/2009 | Statement confirming sales agreements            |
| 16/12/2009 | Statement confirming sales agreements            |
| 16/12/2009 | Corporate Governance Statement                   |
| 16/12/2009 | Pro-forma Balance Sheet                          |
| 16/12/2009 | Schedule of Commitments                          |
| 16/12/2009 | Top Spread report                                |
| 16/12/2009 | ASX Circular: Commencement of Official Quotation |
| 16/12/2009 | Amended Distribution Schedule                    |
| 18/12/2009 | Initial Director`s Interest Notice               |
| 18/12/2009 | Initial Director`s Interest Notice               |
| 18/12/2009 | Initial Director`s Interest Notice               |
| 18/12/2009 | Substantial Shareholder Announcement             |
| 18/12/2009 | Substantial Shareholder Announcement             |
| 18/12/2009 | Substantial Shareholder Announcement             |
| 18/12/2009 | Substantial Shareholder Announcement             |
| 23/12/2009 | Change in substantial holding                    |
| 23/12/2009 | Change of Director`s Interest Notice             |
| 03/02/2010 | Market Update: Production Fast Tracked           |
| 05/02/2010 | Issue of Partly Paid Shares                      |
| 05/02/2010 | Appendix 3B New Issue Announcement               |
| 05/02/2010 | Non-Renounceable Issue- Loyalty Option           |
| 22/02/2010 | Letter to Foreign Shareholders                   |
| 22/02/2010 | Letter to Option Holders                         |
| 22/02/2010 | Letter to Shareholders                           |
| 22/02/2010 | Prospectus for Rights Issue                      |
| 22/02/2010 | Appendix 3B                                      |
| 24/02/2010 | Change in substantial holding                    |
| 24/02/2010 | Change of Director`s Interest Notice             |
| 26/02/2010 | Rights Issue Prospectus-revised                  |



|            |                                                            |
|------------|------------------------------------------------------------|
| 26/02/2010 | Notice of General Meeting/Proxy Form                       |
| 17/03/2010 | Change of Company Business Address and Details             |
| 17/03/2010 | Appendix 3B correction                                     |
| 17/03/2010 | Corrected Appendix 3B Statement                            |
| 30/03/2010 | Non-Renounceable Rights Issue Shortfall                    |
| 01/04/2010 | Results of General Meeting                                 |
| 01/04/2010 | Board Restructure                                          |
| 06/04/2010 | Initial Director`s Interest Notice                         |
| 06/04/2010 | Change of Director`s Interest Notice                       |
| 06/04/2010 | Change of Director`s Interest Notice                       |
| 06/04/2010 | Top 20 Option holders                                      |
| 08/04/2010 | Appendix 3B                                                |
| 16/04/2010 | Appendix 5B Quarterly Report                               |
| 16/04/2010 | Quarterly Activities Report                                |
| 01/06/2010 | Rock Chip Sample Results: Bright Project Victoria          |
| 01/06/2010 | Pro-Rata Non-Renounceable Rights Issue Contributing Shares |
| 22/06/2010 | Revised Pro-Rata non-renounceable rights issue timetable   |

## 6.2 Market Prices of Ordinary Shares

Official Quotation of the Company's Shares commenced on 17 December 2009.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the period between 17 December 2009 and 25 June 2010.:

| Price   |                         | Date             |
|---------|-------------------------|------------------|
| Highest | \$0.195<br>(19.5 cents) | 17 December 2009 |
| Lowest  | \$0.073<br>(7.3 cents)  | 11 June 2010     |

The last market sale price of the Company's Shares on ASX on 25 June 2010 was 12 cents. There are currently no listed Partly Paid Shares on issue.

### **6.3 Terms and Conditions of Partly Paid Shares**

Partly Paid Shares (**PPS**) will be issued on the following terms:

- (a) each PPS:
  - (i) is paid to \$0.001 (one tenth of one cent);
  - (ii) has an amount unpaid of 10 cents; and
  - (iii) has the right to participate in new issues of securities in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited);
- (b) the Company shall not make a call in respect of any amount unpaid on a PPS unless the day on which the call will be payable is on or after 3 years from the date on which the Company was admitted to the official list of ASX (i.e. 17 December 2012) and shall call not more than 2 cents in any 6 month period thereafter;
- (c) holders of PPS have an entitlement to receive notices of meetings of Shareholders of the Company and will have a voting entitlement in proportion to the amount paid up on each PPS;
- (d) holders of PPS have no obligation to meet a call made by the Company, however, non-payment of a call will result in the forfeiture of the relevant PPS, the Company will not be required to offer the forfeited PPS for sale by public auction and the Company may at its discretion, seek the cancellation of the forfeited shares by a resolution passed at a general meeting;
- (e) holders of PPS are permitted to pay up the full amount remaining unpaid at any time (without the Company first being required to make a call), in which case the PPS will become a (fully paid) Share and will rank pari passu with all Shares on issue;
- (f) if a holder of a PPS tenders part of the amount remaining unpaid (but not the full amount) on the PPS other than in satisfaction of a call:
  - (i) the rights attached to the PPS will not change (including the amounts paid and unpaid); and
  - (ii) the amount tendered will be returned; and
- (g) if there is a reorganisation of the issued capital of the Company (including, and not limited to, a consolidation, subdivision, cancellation, reduction or return of capital):
  - (i) the number of PPS must be reorganised in the same proportion as all other classes of shares on issue; and
  - (ii) the reorganisation must not involve a cancellation or reduction of the total amount payable and unpaid by holders of the PPS. The amount payable will be reflected proportionately given the type of reorganisation.

### **6.4 Rights Attaching to Shares**

The following is a summary of the more important rights and liabilities attaching to the Shares as detailed in the Company's Constitution. This summary is not exhaustive nor

does it constitute a definitive statement of the rights and liabilities of the Shares. A copy of the Company's Constitution may be obtained from or inspected at the Company's registered office during business hours.

### ***Share Capital***

All issued Shares rank equally in all respects.

### ***Voting Rights***

At a general meeting of the Company, every Shareholder present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every Share held, and for every partly paid Share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the ordinary share.

### ***Dividend Rights***

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the Shareholders in proportion to the Shares held by them respectively, according to the amount paid up (not credited) as paid up on them.

### ***Rights on Winding-Up***

On a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid up or credited as paid up on the Share.

### ***Transfer of Shares***

Shares may be transferred by instrument in any form which complies with the Company's constitution, the Corporations Act, Listing Rules and ASTC Settlement Rules.

Shares may be transferred in accordance with the Listing Rules and the ASTC Settlement Rules. The Directors may refuse to register a transfer only in those circumstances permitted by the Company's Constitution, Listing Rules and ASTC Settlement Rules.

### ***Calls on Shares***

Where shares are issued as partly paid, the Directors may make calls upon the holders of those shares to pay the whole of or a portion of the balance of the issue price. If a shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and Listing Rules, the shares in respect of the call may be forfeited and interest and expenses may be payable in accordance with the Company's constitution, the Corporations Act and Listing Rules or proceedings taken to recover the amount unpaid.

### ***Further Increases in Capital***

The allotment and issue of any new Shares is under the control of the Directors and, subject to any restrictions on the allotment of Shares imposed by the Company's Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant Partly Paid Shares over or otherwise dispose of those Shares to such persons, with such rights or restrictions as they may from time to time determine.

### ***Variation of Rights Attaching to Shares***

Where shares of different classes are issued, the rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

### ***General Meeting***

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

### **6.5 Expenses of the Offer**

The expenses of the Offer are estimated to be \$10,000.00.

### **6.6 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

### **6.7 Dividend Policy**

The Company does not anticipate paying dividends for the forthcoming year.

### **6.8 Interests of Directors**

The nature and extent of the interest (if any) that any of the directors of the Company holds or held during the last two years in the formation of the Company, property acquired or to be acquired by the Company in connection with its formation or promotion, or the Offer is set out below.

### ***Interests in Securities***

The interest of the Directors in the securities of the Company at the date of this Prospectus are as follows:

| <b>Directors</b>   | <b>Number of Shares</b> | <b>Number of Existing Options</b> |
|--------------------|-------------------------|-----------------------------------|
| Kevin Nichol       | 1,800,001               | 100,000                           |
| Michael Trifunovic | 30,000                  | 215,000                           |
| Peter Avery*       | 3,010,001               | 200,500                           |

\*Means some or all of the Shares and Options are indirectly held.

### ***Fees***

The remuneration packages that applies to the current Directors of the Company and their associated entities are as follows.

### ***Directors' remuneration***

In the two years preceding lodgement of this Prospectus, the following amounts have been paid by the Company by way of remuneration for services provided by the

Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers:

- (a) As at 1 May 2010, Mr Nichol is entitled to \$180,000 per annum for his services as a Director of the Company, pursuant to a consultancy agreement. In the two years preceding lodgement of the Prospectus, Mr Nichol received \$77,500;
- (b) Mr Trifunovic was appointed as a director on 1 April 2010. Mr Trifunovic also is Company Secretary for VGM and currently carries out both roles. He is presently entitled to \$60,000 per annum for his services as Company Secretary and Non-Executive Director. In the two years preceding lodgement of the Prospectus, Mr Trifunovic received \$35,166.67; and
- (c) As at 1 January 2010, Mr Avery is entitled to \$60,000 per annum for his services as a Director of the Company. In the two years preceding lodgement of the Prospectus Mr Avery received \$31,209.73.

Other than as set out above or elsewhere in this Prospectus:

- No Director or proposed Director of the Company and no firm in which a Director or proposed Director of the Company is or was at the relevant time a partner, has or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company.
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

## **6.9 Directors' Intentions**

Mr Nichol has confirmed that it is his intention to acquire some or all of his Entitlement.

Mr Trifunovic has confirmed that it is his intention to acquire some or all of his Entitlement.

Mr Avery has confirmed that it is his intention to acquire some or all of his Entitlement.

## **6.10 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Partly Paid Shares. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Partly Paid Shares in the Company or dealing with an entitlement in the Rights Issue.

## **6.11 Subsequent Events**

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company;

- (b) the results of those operations; or
- (c) the state of affairs of the Company.

### **6.12 Interests of Experts and Advisers**

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers to the Offer (collectively **Prescribed Persons**). Other than as set out in this Prospectus no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company; or
- (c) the Offer of Partly Paid Shares under this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the formation or promotion of the Company or the Offer of Partly Paid Shares under this Prospectus.

Hemming+Hart Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, it has placed reasonable reliance upon the information provided to them by the Company. Hemming+Hart Lawyers does not make any statement in this Prospectus. In respect of this work the Company estimates that it will pay approximately \$5,000 excluding GST and disbursements to Hemming+Hart Lawyers and further amounts may be payable to Hemming+Hart Lawyers in accordance with its normal time based charges.

### **6.13 Consents and Disclaimers**

Written consents to the issue of this Prospectus have been given and up to the lodgement of this Prospectus, have been not withdrawn by the following parties and each of the named parties consents to being named in this Prospectus in the form and context in which their name appears:

- (a) Hemming+Hart Lawyers
- (b) Advanced Share Registry Limited (registrar)
- (c) Andrew Frewin Stewart (Auditor of the Company)

### **6.14 Director's Statement**

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent. This Prospectus is signed for and on behalf of the Company by:

Signed on the date of this Prospectus.

A handwritten signature in black ink, appearing to read 'Michael Trifunovic', is written over a horizontal line.

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Michael Trifunovic  
Director

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## 7. Definitions

|                                        |                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2009 Prospectus</b>                 | The disclosure document issued by the Company under Chapter 6D of the Corporations Act for the offer to the public of fully paid ordinary shares to the public dated 23 October 2009 (including any replacement or supplementary disclosure document subsequently issued by the Company in relation to the original disclosure document). |
| <b>\$</b>                              | Australian dollars. All amounts in this Prospectus are in Australian dollars unless otherwise stated.                                                                                                                                                                                                                                     |
| <b>Acceptance</b>                      | The completion and return by Eligible Shareholders, as directed in the Entitlement and Acceptance Form, of the Entitlement and Acceptance form, together with Acceptance Monies, by the Closing Date.                                                                                                                                     |
| <b>Acceptance Monies</b>               | The amount of money required in accordance with this Prospectus to subscribe for Partly Paid Shares.                                                                                                                                                                                                                                      |
| <b>Additional Partly Paid Shares</b>   | Partly Paid Shares which may, at the Board's discretion, be allocated out of any Shortfall in subscriptions for Partly Paid Shares                                                                                                                                                                                                        |
| <b>ASIC</b>                            | The Australian Securities and Investments Commission.                                                                                                                                                                                                                                                                                     |
| <b>ASTC Settlement Rules</b>           | The settlement rules of the operating facility provided by ASX Settlement and Transfer Corporation Pty Limited, which provides settlement processing facilities for ASX's market.                                                                                                                                                         |
| <b>ASX</b>                             | ASX Limited (ABN 98 008 624 691).                                                                                                                                                                                                                                                                                                         |
| <b>Board</b>                           | The Board of Directors of the Company.                                                                                                                                                                                                                                                                                                    |
| <b>Business Day</b>                    | Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.                                                                                                                                                                      |
| <b>Closing Date</b>                    | 26 July 2010 5.00pm EST.                                                                                                                                                                                                                                                                                                                  |
| <b>Constitution</b>                    | The constitution of the Company.                                                                                                                                                                                                                                                                                                          |
| <b>Corporations Act</b>                | Corporations Act 2001 (Cth)                                                                                                                                                                                                                                                                                                               |
| <b>Directors</b>                       | The directors of the Company.                                                                                                                                                                                                                                                                                                             |
| <b>Eligible Shareholder</b>            | A Shareholder who is entitled to subscribe for Partly Paid Shares pursuant to the Offer.                                                                                                                                                                                                                                                  |
| <b>Entitlement</b>                     | The right of a Shareholder to subscribe for Partly Paid Shares under the Offer.                                                                                                                                                                                                                                                           |
| <b>Entitlement and Acceptance Form</b> | The personalised entitlement and acceptance form which accompanies the Prospectus.                                                                                                                                                                                                                                                        |
| <b>EST</b>                             | Australian Eastern Standard Time.                                                                                                                                                                                                                                                                                                         |



|                           |                                                                                                                                                                                                                                                                        |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Listing Rules</b>      | The official listing rules of ASX.                                                                                                                                                                                                                                     |
| <b>Non-Renounceable</b>   | Eligible Shareholders may not sell or transfer all or any part of their entitlement to the Rights Issue.                                                                                                                                                               |
| <b>Offer</b>              | The non-renounceable pro-rata issue of Partly Paid Shares pursuant to this Prospectus.                                                                                                                                                                                 |
| <b>Offer Period</b>       | The period commencing from the despatch on the Prospectus and ending on the Closing Date.                                                                                                                                                                              |
| <b>Official Quotation</b> | Quotation of the Partly Paid Shares on the ASX.                                                                                                                                                                                                                        |
| <b>Option</b>             | An option issued by the Company which on its exercise entitles the holder to a Share                                                                                                                                                                                   |
| <b>Partly Paid Shares</b> | The Partly Paid Shares offered under this Prospectus and applied for by Eligible Shareholders.                                                                                                                                                                         |
| <b>Prospectus</b>         | This Prospectus dated 28 June 2010.                                                                                                                                                                                                                                    |
| <b>Record Date</b>        | 7 July 2010.                                                                                                                                                                                                                                                           |
| <b>Rights Issue</b>       | Means the offer contained in this Prospectus.                                                                                                                                                                                                                          |
| <b>Share</b>              | A fully paid ordinary share in the capital of the Company.                                                                                                                                                                                                             |
| <b>Shareholder</b>        | The holder of Shares.                                                                                                                                                                                                                                                  |
| <b>Shortfall</b>          | The difference between the total number of Partly Paid Shares offered to Eligible Shareholders under the Offer and the number of Partly Paid Shares applied for on a pro rata basis in exercise of the Rights Issue.                                                   |
| <b>Tenements</b>          | Exploration licence 5188 ( <b>EL 5188</b> )<br>Exploration licence 5116 ( <b>EL 5116</b> )<br>Mining licence 5471 ( <b>MIN 5471</b> )<br>Mining licence 4611 ( <b>MIN 4611</b> )<br>Mining licence 5068 ( <b>MIN 5068</b> )<br>Mining licence 5371 ( <b>MIN 5371</b> ) |
| <b>VGM or Company</b>     | Victorian Gold Mines NL (ACN 139 255 771).                                                                                                                                                                                                                             |

## CORPORATE DIRECTORY

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### ***Directors***

Kevin Nichol - Chairman

Michael Trifunovic – Non-Executive Director

Peter Avery – Non-Executive Director

### ***Company Secretary***

Michael Trifunovic

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### ***Registered and Principal Office***

Suite 304, 22 St Kilda Road

St Kilda, Victoria 3182

Phone (03) 9692 7222

Fax (03) 9529 8057

Email  
generaladmin@victoriangoldmines.com.au

Website [www.victoriangoldmines.com.au](http://www.victoriangoldmines.com.au)

### ***Auditors***

**Andrew Frewin Stewart**

61-65 Bull Street

Bendigo, Victoria 3550

Phone 03 5443 0344

Fax 03 5443 5304

Email [afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)

Website [www.afsbendigo.com.au](http://www.afsbendigo.com.au)

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### ***Lawyers***

**Hemming+Hart Lawyers**

Level 2, 307 Queen Street,

Brisbane QLD 4000

Phone: (07 )3002 8700

Fax: (07) 3221 3068

Email: [mail@hemhart.com.au](mailto:mail@hemhart.com.au)

[www.hemhart.com.au](http://www.hemhart.com.au)

### ***Share Registry***

**Advanced Share Registry Limited**

150 Stirling Highway

Nedlands Western Australia 6909

Phone 08 9389 8033

Fax 08 9389 7871

Website [www.advancedshare.com.au](http://www.advancedshare.com.au)