



VICTORY WEST
METALS LIMITED

ABN 86 009 144 503

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PO Box 8282 Subiaco East
Western Australia 6008
www.victorywest.com.au
T: +61 (0) 8 9381 5819
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ASX ANNOUNCEMENT

27 January 2012

EXPIRY OF LISTED OPTIONS ON 24 FEBRUARY 2012

Victory West Metals Limited (ASX: VWM, FSE: R1E) ("VWM") advise that 84,137,984 Options exercisable at \$0.20 are due to expire on 24 February 2012 in accordance with their terms and conditions.

In this regard, please find attached a copy of the Option Expiry Notice.

ENDS

About Victory West

Victory West Metals Ltd is a resource focused 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 resource portfolio with its cornerstone project Malala Molybdenum Project in the Toli Toli Province in North Sulawesi.

The Company has announced the signing of a Heads of Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), a special purpose company registered in Singapore that has the rights to an 85% interest in the Penajam East coal project in East Kalimantan, Indonesia, with a pipeline of coal projects in East Kalimantan and initial offtake agreements. This agreement is subject to due diligence, completion of final legal agreements, shareholder approval and regulatory approvals if required.

For further information on VWM, please visit victorywest.com.au



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27 January 2012

[Name]

[Address]

[Address]

No of options: [insert number]

Dear Optionholder

OPTIONS EXPIRING ON 24 FEBRUARY 2012

You are registered as the holder of options (Options) in Victory West Metals Limited (the Company). These Options are listed for official quotation by the Australian Securities Exchange (ASX) (VWMOA). We wish to confirm that these Options will expire at 5.00pm on Friday, 24 February 2012, unless exercised before that date. The last trading day of Options on the ASX will be 17 February 2012.

The courses of action available to option holders include either, exercising your options, either in part or in full, which will increase your equity stake in the Company, or do nothing, in which case the options will expire.

The exercise price of the Options is \$0.20 per Option payable in full at the time the Option is exercised. For each Option exercised you will be issued with one fully paid ordinary share in the Company ranking equally in all respects with other fully paid ordinary shares in the Company on issue at that time. Any Options that are not exercised by the expiry date will lapse and will be of no further value. No further entitlement will exist.

If you wish to exercise the Options, you must complete and sign the enclosed Option Exercise Form and ensure that the completed Form and payment for the full amount payable on exercise of the Options are received by the Company's share registrar at the following address before the abovementioned due date:

Computershare Investor Services Pty Ltd
GPO Box D182 Perth
Western Australia 6840

Cheques must be made payable to Victory West Metals Limited and crossed "not negotiable". Cheques must be in Australian currency.

You may elect to either exercise all of your Options, only a portion of them or none of them. The number of fully paid ordinary shares in the Company you will receive on exercising your Options will be the same as the number of Options you decide to exercise. If you decide not to exercise any of your Options you will not receive any additional shares in the Company.

The latest available market price of fully paid ordinary shares in the Company as quoted on the ASX on the day before the date of this notice (being Wednesday, 25 January 2012) was \$0.045 per share. The highest and lowest market prices of fully paid ordinary shares in the Company during the 3 months immediately before this notice was \$0.056 per share on 27 & 28 October 2011 and \$0.040 per share on 22, 25 November 2011 and 15 December 2011, respectively. These prices are by reference to the closing price.

If you are in any doubt about your rights in relation to the Options or whether you should exercise them, you should seek independent financial advice from a suitably qualified financial adviser. Nothing in this letter should be treated by you as being a recommendation, statement of opinion or advice by the Company or any of its officers regarding the exercise of the Options by you. Neither the Company nor any of its officers are in a position to consider your personal objectives, financial situation or needs.

Yours sincerely



LUKE MARTINO
Company Secretary

Application Form on Exercise of Options Expiring 24 February 2012

To the Directors, Victory West Metals Limited,

I/We hereby exercise

option(s) and hand you herewith my/our cheque for

being 20 cents per share on application for

ordinary shares in the capital of the Company.

I/We request that you allot me that number of shares and I/we agree to accept that number of shares on the terms below and the Constitution of the Company, and I/we authorise you to place my/our name on the register.

My/Our SRN/HIN (as shown on my/Issuer Sponsored holding statement or CHESS holdings statement) is

Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

**Sole Director and
Sole Company Secretary**

Day/Date Month Year

Note: when signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.

**Terms and
Conditions of
Options Overleaf**

TERMS OF LISTED OPTIONS EXPIRING 24 FEBRUARY 2021

- (a) The exercise price of each Option is 20 cents per share ("the Exercise Price").
- (b) Each Option will automatically lapse if not exercised on or before 24 February 2012.
- (c) Each Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (d) An Option may be exercised by the optionholder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the exercise price and the statement for the Option, to the Company's share registry. If the optionholder holds more than one Option, the Options may be exercised in whole or in part.
- (e) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (f) Subject to any restrictions in the Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application monies the number of shares specified in the notice will be allotted.
- (g) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the optionholder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the optionholder with a fresh statement for the balance of the Options held and not yet exercised.
- (h) The period during which the Options may be exercised cannot be extended.
- (i) The optionholder is not entitled to participate in new issues of securities offered to shareholders. The optionholder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new Issue.
- (j) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a "bonus issue") other than in lieu of a dividend payment, then upon exercise of an Option the optionholder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (k) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the optionholder will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (l) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued shares of the Company.
- (m) Should the Company at any time over the life of the Option be re-admitted to ASX and an optionholder exercises Options post the re-admission date, the Company undertakes to apply for official quotation by ASX of all shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those new shares.
- (n) Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

LODGEMENT INSTRUCTIONS

Cheques shall be in Australian currency made payable to Victory West Metals Limited and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged at the Company's Registry, Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840.