# VICTORY MINES LIMITED
# ACN 151 900 855

# PROSPECTUS

The Prospectus is for the offer of up to 1,000,000,000 Shares by the Company (**Offer**) in order to acquire 100% of the issued share capital of SAT (**SAT Acquisition**).

**The Offer is conditional upon, inter alia, Shareholders approving, at the General Meeting to be held on or around 8 May 2014, the issue of Shares in consideration for the SAT Acquisition. No Shares will be issued pursuant to this Prospectus until such Shareholder approval is obtained by the Company. Please refer to Section 5.6 of this Prospectus for further details.**

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

STEINEPREIS PAGANIN
Lawyers & Consultants

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## 1. CORPORATE DIRECTORY

**Directors**

Dr James Ellingford (Chairman)
Mr Peter Peebles (Executive Director)
Mr Ashley Hood (Non-Executive Director)

**Proposed Directors***

Mr John Kelly

**Company Secretary**

Mrs Elizabeth Hunt

**Registered Office**

Level 11
216 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9481 0389
Facsimile: +61 8 9463 6103

Email: info@victorymines.com
Website: www.victorymines.com

**Stock Exchange Listing**

Australian Securities Exchange
Code: VIC, VICO

**Share Registry****

Automic Registry Services
Level 1
7 Ventnor Avenue
WEST PERTH WA 6005

Telephone: +61 8 9324 2099
Facsimile: +61 8 9321 2337

**Legal Advisors to the Company**

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

**Compliance Managers**

Mining Corporate Pty Ltd
Level 11, 216 St Georges Terrace
PERTH WA 6000

**Auditors****

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

* To be appointed on completion of the SAT Acquisition.

** These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

## 2. TIMETABLE

| | |
|---|---|
| Lodge Prospectus with ASIC and ASX | 30 April 2014 |
| Opening Date | 30 April 2014 |
| Offer Closing Date | 8 May 2014 |
| General Meeting to approve SAT Acquisition | 8 May 2014 |
| Settlement Date – SAT Acquisition | 16 May 2014 |
| Shares issued under Prospectus | 16 May 2014 |
| Quotation Date of the Shares | 16 May 2014 |

These dates are indicative only and subject to change. The Directors reserve the right to vary these dates, including the closing date of the Offer, without prior notice.

## 3. CHAIRMAN'S LETTER

30 April 2014

Dear Shareholder

The Board is pleased to offer shareholders of South American Tin Limited (**SAT**) the opportunity to accept shares in Victory Mines Limited (**VIC**) in exchange for your shares in SAT.

The consideration payable to each SAT shareholder will be their pro-rata portion of the aggregate Share consideration calculated by reference to the number of SAT shares on issue on the date of completion of the Acquisition.

Mr John Kelly will be appointed to the board of VIC on completion of the acquisition. This appointment will provide continuity to the development of the projects, maintenance of relationships with local Mining Cooperatives and expand VIC's knowledge and skills base.

This Offer is subject to approval by VIC shareholders at the general meeting to be held on 8 May 2014. At this meeting, the board of VIC are also seeking approval to complete a placement of shares to raise up to $2 million of which a substantial portion of funds will be allocated to progress exploration and development of the projects.

The Board takes this opportunity to thank all SAT shareholders for their support and looks forward to welcoming you as fellow VIC shareholders.

Yours faithfully

Dr James Ellingford
Chairman

## 4. IMPORTANT NOTES

This Prospectus is dated 30 April 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted Shares (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### 4.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed Shares not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

### 4.2 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.victorymines.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Acceptance and Transfer Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

### 4.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

### 4.4 Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## 5. DETAILS OF THE OFFERS

### 5.1 The Offer

By this Prospectus, the Company offers up to 1,000,000,000 Shares (**Offer**) to acquire 100% of the issued share capital of SAT (**SAT Acquisition**). Please refer to the Offer Terms appended hereto at Appendix 1 for the terms of the Offer.

Only SAT Shareholders may accept the Offer. Accordingly, do not complete the Acceptance and Transfer Form for the Offer unless you are a SAT Shareholder.

Further information regarding the Offer is set out in throughout this Prospectus and in the Offer Terms.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue at the date of this Prospectus. Rights and liabilities attaching to the Shares are summarised in Section 7 of this Prospectus.

The Offer consists of an offer to all of the SAT Shareholders to acquire all of their SAT Shares.

Shares subscribed for pursuant to the Offer will only be placed to SAT Shareholders.

Unless withdrawn due to the failure of any of the Conditions Precedent set out in the Offer Terms, the Offer will remain open for acceptance during the period commencing on the date of this Prospectus and ending on the Offer Closing Date.

### 5.2 Conditional Offer

Completion of the Offer under this Prospectus is subject to a number of conditions precedent, including Shareholders approving Resolutions 1 and 2 at the General Meeting, being:

(a) Resolution 1 – approval for change to scale of activities; and

(b) Resolution 2 – the issue of up to 1,000,000,000 Shares and 1 Convertible Note as consideration for the acquisition of 100% of the issued share capital of SAT.

The Offer is also subject to the Company completing its due diligence on SAT which, as at the date of this Prospectus, is not yet complete. The Company expects to complete its due diligence on SAT by 14 May 2014.

Full details of the other conditions of the Offer are set out in the Offer terms in Appendix 1 to this Prospectus.

No Shares will be issued pursuant to this Prospectus until all of the conditions are satisfied (or waived) in accordance with the Offer Terms.

If these conditions are not satisfied (or waived), the Company will not proceed with the Offer.

## 5.3 Minimum subscription

There is no minimum subscription for the Offer.

## 5.4 Acceptances

You may only participate in the SAT Offer if you are a SAT Shareholder. Applications for Shares under the Offer must be made using the green coloured Acceptance and Transfer Form attached to this Prospectus.

If you are a SAT Shareholder and wish to accept the Offer, please complete the enclosed Acceptance and Transfer Form in accordance with the instructions set out on the form and in the Offer Terms.

Completed Acceptance and Transfer Forms and accompanying title documents to your SAT Shares must be mailed or delivered in the manner set out in the Acceptance and Transfer Form and must reach the specified address by no later than the applicable Offer Closing Date.

SAT Shareholders may only accept the Offer in respect of 100% (and not a lesser proportion) of their SAT Shares. Once a SAT Shareholder has accepted the Offer, they will be unable to revoke their acceptance and the contract resulting from their acceptance is binding on them.

By following the procedures set out in the Offer Terms, a SAT Shareholder will be deemed to have (amongst other things):

- accepted the Offer in respect of their SAT Shares registered in their name to which the Offer relates regardless of the number of SAT Shares specified in the Acceptance and Transfer Form;
- agreed to transfer their SAT Shares to the Company and waive all rights of pre-emption they have in respect of the SAT Shares held by each other shareholder or option holder of SAT enabling those persons to likewise accept the Offer;
- authorised the Company to complete the Acceptance and Transfer Form by correcting any errors in or omissions from the Acceptance and Transfer Form as may be necessary for the purpose of effecting acceptance of the Offer and registering the transfer of their SAT Shares;
- represented and warranted to the Company that the Company will acquire good title to and beneficial ownership of all their SAT Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind; and
- appointed the Company or any nominee of the Company as their agent and attorney to exercise all the power or rights attaching to their SAT Shares and have agreed not to revoke that appointment during the period from the date of their acceptance of the Offer and the date on which the Company is registered as the holder of their SAT Shares.

## 5.5 ASX Listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days of their issue.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares under the Offer.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

### 5.6 Issue of Shares

Subject to the satisfaction of the Conditions Precedent to the SAT Acquisition, the issue of Shares offered by this Prospectus will take place as soon as practicable after the applicable Offer Closing Date.

### 5.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants (including SAT Shareholders) who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Acceptance and Transfer Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

### 5.8 Enquiries

Any questions concerning the Offer should be directed to Elizabeth Hunt, Company Secretary, on +61 8 9481 0389.

## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

As announced by the Company to ASX on 5 March 2014, the Company has entered into an agreement to acquire SAT. The purpose of the Offer is for the Company to acquire SAT by acquiring 100% of the SAT Shares. No funds will be raised pursuant to the Offer. Please refer to section 10 for further details in respect of the terms of the SAT Acquisition.

### 6.2 Effect of the Offers

The effect of the Offer on the capital structure of the Company will be to increase the number of Shares on issue from 522,610,689 as at the date of this Prospectus to 1,522,610,689 Shares. The number of Options will remain the same.

### 6.3 Pro-forma balance sheet

The audited reviewed balance sheet as at 31 December 2013 and the unaudited pro-forma balance sheet as at 31 December 2013 shown below assume that the SAT Acquisition has completed and have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma adjustments include assets acquired and liabilities assumed as reflected in SAT's unaudited balance sheet as at 31 December 2013. The directors have not determined whether the transaction falls within the scope of AASB 3 *Business Combinations* and the associated impact this may have on the presentation and measurement of this transaction.

The pro-forma balance sheet has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | | 31/12/2013 | 31/12/2013 |
|---|---|---|---|
| **PRO FORMA BALANCE SHEET** | | **Actual** | **Pro Forma (UNAUDITED)** |
| | | **A$** | **A$** |
| **Current Assets** | | | |
| Cash and cash equivalents | | 69,085 | 291,430 |
| Receivables | | 355,261 | 355,261 |
| Financial assets | | 141,300 | 141,300 |
| **Total Current Assets** | | **565,646** | **787,991** |
| | | | |
| **Non-Current Assets** | | | |
| Investment in subsidiary | **2** | - | - |
| Goodwill on acquisition of subsidiary | | - | 5,020,518 |
| Deferred exploration and evaluation expenditure | | 529,565 | 1,495,617 |
| Plant and equipment | | - | 9,955 |
| **Total Non-Current Assets** | | **529,565** | **6,526,090** |

| | Note | | |
|---|---|---|---|
| **Total Assets** | | **1,095,211** | **7,314,081** |
| | | | |
| **Current Liabilities** | | | |
| Payables | | 215,806 | 260,806 |
| **Total Current Liabilities** | | **215,806** | **260,806** |
| | | | |
| **Non-current Liabilities** | | | |
| Convertible note | | - | 205,000 |
| **Total Non-current Liabilities** | | **-** | **205,000** |
| **Total Liabilities** | | **215,806** | **465,806** |
| **Net Assets** | | **879,405** | **6,848,275** |
| | | | |
| **Equity** | | | |
| Issued Capital | **2** | 8,279,601 | 14,248,471 |
| Reserve | | 656,587 | 656,587 |
| Accumulated losses | | (8,056,783) | (8,056,783) |
| **Total Equity** | | **879,405** | **6,848,275** |

The above pro-forma balance sheet has been prepared to reflect the effect of the effect of the acquisition of SAT only.

Shareholders should note the resolution to put be put Shareholders at the general meeting to be held on 8 May 2014 seeking approval to offer a placement of Shares to raise up to $2 million. To meet the conditions of the SAT Acquisition, a minimum of $1 million is required to be raised under this placement approval.

Assuming approval for the placement is granted by Shareholders, cash reserves, net assets and total equity will all increase by between $1 million and $2 million (before associated costs).

## 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the Offer is fully accepted by the SAT Shareholders and no Options are exercised prior to the Record Date, is set out below.

**Shares**

| | Number |
|---|---|
| Shares currently on issue | 487,868,018 |
| Restricted Shares currently on issue | 34,742,671 |
| Shares to be issued to the SAT Shareholders at settlement of the SAT Acquisition pursuant to the Offer | 1,000,000,000 |
| **Total Shares on issue after completion of the Offers and the SAT Acquisition[1]** | **1,522,610,689** |

**Options**

| | Number |
|---|---|
| Options currently on issue:<br>(Quoted exercisable at 20 cents on or before 9 April 2015) | 9,429,007 |
| (Unlisted exercisable at 20 cents on or before 9 October 2015) | 41,500,000 |
| (Unlisted exercisable at 20 cents on or before 9 October 2015) | 4,658,000 |
| (Unlisted exercisable at 20 cents on or before 9 October 2017) | 4,000,000 |
| (Unlisted exercisable at 3 cents on or before 31 December 2016) | 78,262,500 |
| Options to be issued to the SAT Optionholders at settlement of the SAT Acquisition pursuant to the Offer | Nil |
| **Total Options on issue after completion of the Offer** | **137,849,507** |

Notes:

1. The Company also intends to complete a placement of shares to raise up to $2 million. The issue price of the Shares to be offered under the placement is not known at date of this Prospectus.

### 6.5 Details of substantial holders

As at 24 April 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus are set out below:

| Shareholder | Shares | % |
|---|---|---|
| Mr Gaelan Bloomfield | 48,000,000 | 9.84 |
| Celtic Capital Pty Ltd <Celtic Capital No 2 A/C> | 41,250,000 | 8.46 |
| Nobel International Limited | 40,500,000 | 8.30 |
| LBT Corp Pty Ltd | 25,520,000 | 5.23 |
| Mr Phillip John Coulson | 25,000,000 | 5.12 |

Upon completion of the SAT Acquisition (but excluding the proposed placement), those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue will be as set out below:

| Shareholder | Shares | % |
|---|---|---|
| John Peter Kelly A/C Possum Super Fund | 164,706,638 | 10.82 |
| Compañia Consultora Minera Ollantay S.R.L. | 115,373,441 | 7.58 |
| Jetan Pty Limited | 92,442,888 | 6.07 |
| John Peter Kelly | 76,225,276 | 5.01 |

## 7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, investors should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### 7.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### 7.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). In this case, amounts paid in advance of a call are ignored when calculating the proportion.

### 7.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the amounts paid on the Shares in respect of which the dividend is paid. An amount paid or credited as paid in advance of a call will not be taken as paid or credited as paid for this purpose.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

### 7.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

### 7.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

### 7.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

### 7.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

### 7.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 7.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 8. RISK FACTORS

Shareholders should be aware that if the proposed SAT Acquisition is approved, the Company may be subject to various additional risk factors that the Company is not currently exposed. Based on the information available, a list of the identified major risk factors, both in respect of the SAT Acquisition and the New Assets and in respect of the Existing Assets, is set out below. The list is not exhaustive.

### 8.1 Risks relating to the SAT Acquisition and the New Assets

#### (a) No title – contractual rights only

SAT's Bolivian subsidiary has contractual rights in relation to several mining concessions located in Bolivia however it does not hold legal title to those concessions. The Bolivian state mining company (Corporacion Minera de Bolivia – COMIBOL), is the underlying owner of all the mining rights in which SAT has an interest. COMIBOL has leased the mining rights to these concessions to various mining cooperatives (**Mining Cooperatives**). In turn, SAT's Bolivian subsidiary has preliminary contracts with the Mining Cooperatives. SAT's Bolivian subsidiary cannot register its interest in any concession (e.g. a caveat). In mitigating this risk factor, SAT's Bolivian subsidiary has modelled the contractual nature of its interests on Coeur Mining's Bolivian subsidiary with its San Bartolome Silver Project in Bolivia. The San Bartolomé Silver Project is among the World's Top 10 primary silver projects and has operated successfully since 2008.

If a party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

In order for SAT to be able to achieve its objectives, SAT is reliant on the registered holder of the concessions and the Mining Cooperatives it has contracted with to comply with their obligations as title holder and leaseholder respectively with respect to maintaining the concessions in full force and effect, free from any liability to forfeiture or non-renewal.

Where the registered holder of the concessions or the Mining Cooperatives fails to comply with conditions of the concessions which results in loss of title to the concessions SAT would lose its interest in the mining concessions as well. The Company has no current reason to believe that the registered holder of the concessions will not meet and satisfy its obligations.

#### (b) Sovereign

As the New Assets are located in a jurisdiction different to the Existing Assets, they are subject to the risks associated in operating in that different jurisdiction, in this instance Bolivia. These risks include economic, social or political instability or change, changes of law affecting foreign ownership, government participation, potential nationalisation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with mineral exploration and production in Bolivia. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production and in turn may affect the viability and profitability of the Company.

The legal and governmental systems in Bolivia are based on Spanish law and systems. These are very different to the English common law and governmental systems that are applicable in Australia.

(c) **Reliance on Key Foreign Personnel**

The Company is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key senior management and consulting personnel in Bolivia. A number of Bolivian cultural and social issues could affect the relationship between the Company and key personal in Bolivia. However, there can be no assurance the Company will be able to retain these key foreign personnel. The loss of key foreign personnel or the inability to recruit and retain high-calibre staff could have a material adverse effect on the Company. The addition of new employees and/or consultants and the departure of existing employees and/or consultants, particularly in key positions, can be disruptive and may have a material adverse effect on the Company.

(d) **Dependence on Foreign Third Parties**

The Company will need to rely on numerous key suppliers and commercial parties in Bolivia for the supply of services to the Company. Social and cultural issues will also be important in relationships with suppliers and commercial parties in Bolivia. Any loss of or change in the Company's relationship with these key parties, or failure by those parties to perform, may have an adverse effect on the Company's operations, research and development and commercialisation programme. If that occurred, there is no assurance that they could be replaced either at all or on commercial terms acceptable to the Company.

(e) **Mineral Resource Estimation Risk**

There is no mandatory standard for mineral resource and ore reserve estimation and reporting in Bolivia as there is with the JORC Code in Australia. The Company will need to ensure that the technical standards applicable in Australia are used in Bolivia.

(f) **Environmental Risk**

The New Assets are subject to Bolivian environmental laws. These environmental laws are different to those generally applicable in Australia and generally of a lower compliance and licencing level. Exploration and mining projects are expected to see a variety of environmental impacts. The Company intends to carry out its operations in compliance with all applicable environmental laws, in a responsible manner and to the highest standard possible. In the event that the Company does not operate in compliance with all applicable laws there is a risk that projects could be forfeited.

(g) **Additional Funding Requirements**

The New Assets envisage the Company becoming a production company. This will require capital above what is being considered in this Notice of Meeting. When the Company requires access to further funding at any stage in the future, the Company may be adversely affected in a material way if, for any reason, access to capital or debt is not available at all or on commercially acceptable terms. There can be no assurance that additional funds will be available.

If additional funds should be raised by issuing equity, this might result in dilution to the existing Shareholders at that time. The pricing of future share issues will also depend upon the results of the Company's activities, market factors, investor demand for shares and the need for capital by either debt or equity capital raisings.

### 8.2 Risks relating to the Company's operations and assets

(a) **Joint Venture Risk**

The Company is subject to the risk that changes in the status of any of the Company's joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of the Company.

(b) **Exploration and Development Risks**

The business of rare earth element, copper, base metal and uranium exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

(i) the discovery and/or acquisition of economically recoverable reserves;

(ii) access to adequate capital for project development;

(iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;

(iv) securing and maintaining title to interests;

(v) obtaining consents and approvals necessary for the conduct of exploration, development and production; and

(vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from the Existing Projects or the New Assets, undergoing an exploration and development program depends on successful exploration and establishment of production facilities. Factors including costs and reliability and commodity prices affect successful project development and operations.

Mining activities carry risk and, as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown and environmental hazards such as accidental spills or leakages, or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of economic deposits. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(c) **Resource and Reserve Estimates**

The Company presently has no JORC Code compliant resources on the tenements in which it is earning an interest. In the event a resource is delineated, this would be an estimate only. Future resource estimates will be expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the project's operations.

(d) **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to rare earth element, copper, base metal or uranium production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Bolivian and Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United

States Dollar, the Peso Boliviano and the Australian Dollar as determined in international markets.

(e) **Operating Risks**

The potential future operations of the Company may be affected by various factors, including failure to locate or identify rare earth element, copper, base metal or uranium ore reserves, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reserve problems which may affect production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

## 8.3 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia or Bolivia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the current or future Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities, and in Bolivia an additional permit for selling mineral products.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements/licences.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) **Risk of international operations generally**

International sales and operations are subject to a number of risks, including:

(i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;

(ii) potential difficulties in protecting intellectual property;

(iii) increases in costs for transportation and shipping; and

(iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Combined Entity's business, results of operations and financial condition.

## 8.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. 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 Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

# 9. ADDITIONAL INFORMATION

## 9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 9.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to accept the Offer.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the applicable Offer Closing Date:

(i) the annual financial report most recently lodged by the Company with the ASIC;

(ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

(iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| **Date** | **Description of Announcement** |
|---|---|
| 21/04/2014 | Quarterly Activities Report |
| 21/04/2014 | Appendix 5B |
| 07/04/2014 | Notice of General Meeting/Proxy Form |
| 01/04/2014 | SAT Update |
| 20/03/2014 | Update on SAT Project |
| 13/03/2014 | Update on SAT San Pedrito Tin Project |
| 05/03/2014 | VIC to Acquire Bolivian Tin Project |
| 03/03/2014 | Trading Halt |
| 28/02/2014 | Notice Under Section 708A |
| 28/02/2014 | Appendix 3B |
| 14/02/2014 | Notice Under Section 708A |
| 14/02/2014 | Appendix 3B |
| 13/02/2014 | Exploration Programme Update |
| 12/02/2014 | Half Yearly Report and Accounts |
| 24/01/2014 | Quarterly Report |
| 24/01/2014 | Appendix 5B |
| 02/01/2014 | Revised Exploration Programme Update |
| 20/12/2013 | Exploration Programme Update |
| 19/12/2013 | Change of Directors' Interest Notices |
| 19/12/2013 | Notice under Section 708A |
| 19/12/2013 | Appendix 3B |

| Date | Description of Announcement |
|---|---|
| 29/11/2013 | Results of Meeting |
| 29/10/2013 | Quarterly Report |
| 29/10/2013 | Appendix 5B |
| 25/10/2013 | Notice of Annual General Meeting |
| 21/10/2013 | Change in substantial holding |
| 15/10/2013 | Change of Share Registry |
| 14/10/2013 | Notice Under Section 708A |
| 14/10/2013 | Appendix 3B |
| 03/10/2013 | Change of Address |
| 20/09/2013 | Becoming a substantial holder |
| 17/09/2013 | Notice Under Section 708A |
| 17/09/2013 | Appendix 3B |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.victorymines.com.

## 9.3 Key terms of the Heads of Agreement

(a) (**Conditions**): The conditions precedent which must be satisfied prior to the Company completing the SAT Acquisition are set out in the Offer Terms.

(b) (**Consideration**): the consideration payable by the Company is up to 1,000,000,000 Shares and 1 convertible note to be issued by the Company (being the **Convertible Note**).

*To calculate the number of Shares to be issued to SAT Shareholders, the Share consideration will be scaled back by the proportion that the convertible note issued by SAT (**SAT Convertible Note**) would contribute to SAT's fully diluted capital structure at the date of settlement of the SAT Acquisition. The number of Shares the Convertible Note will be convertible into will be equal to the amount that the 1,000,000,000 Shares is reduced by.*

*For example, at the date of this Notice the number of SAT Shares that would be issued if the SAT Convertible Note was fully converted would represent approximately 9.87% of the fully diluted SAT capital structure. As a result, a total of 901,304,438 Shares (rounded down to the nearest whole Share) would be issued to SAT Shareholders (based on 100% acceptances), with the balance of 98,695,562 Shares being the maximum number of Shares the Convertible Note would be convertible into.*

(c) (**Board Changes**): The Company will appoint one representative of the SAT shareholders as a director of the Company. Otherwise, there will be no changes to the board of directors of the Company.

(d) (**Escrow**): The Shares issued as consideration (and issued on conversion of the Convertible Note) will be voluntarily escrowed as follows:

(i) each entity that is associated with or controlled by the SAT Directors (**Director Associated SAT Shareholder**) will have a holding lock placed on 100% of their Victory Shares for a period of 12 months from 8 May 2014; and

(ii) each of the SAT Shareholders, other than the Director Associated SAT Shareholders, will have a holding lock placed on 100% of their Victory Shares, with 50% of those Victory Shares to be escrowed for 6 months post 8 May 2014 and the remaining 50% to be escrowed for 12 months from the 8 May 2014.

## 9.4 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | | |
|---|---|---|
| Highest | \$0.008 | 15, 16, 17 April 2014 |
| Lowest | \$0.004 | 21 February 2014 |
| Last | \$0.007 | 29 April 2014 |

## 9.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

### *Security Holdings*

The interests of the Directors and proposed Directors in the securities of the Company as at the date of this Prospectus are as follows:

| Director | Shares | Options |
|---|---|---|
| Dr James Ellingford | 1,050,000 | 2,410,000[1] |
| Mr Peter Peebles | 782,055 | 595,514[2] |
| Mr Ashley Hood | 705,616 | 450,000[3] |

[1] 1,250,000 options exercisable at $0.20 on or before 5 October 2015, 135,000 options exercisable at $0.20 on or before 9 April 2015, 1,000,000 options exercisable at $0.03 on or before 31 December 2016.
[2] 250,000 options exercisable at $0.20 on or before 5 October 2015, 145,514 options exercisable at $0.20 on or before 9 April 2015, 200,000 options exercisable at $0.03 on or before 31 December 2016.
[3] 250,000 options exercisable at $0.20 on or before 5 October 2015 and 200,000 options exercisable at $0.03 on or before 31 December 2016.

### *Remuneration*

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors. Details of remuneration provided to Directors and their associated entities during the past two financial years and proposed to be provided for the forthcoming financial year are as follows:

| Director | 2012 | 2013 | 2014 (proposed) |
|---|---|---|---|
| Dr James Ellingford | $81,248 | $126,419 | $130,000 |
| Mr Peter Peebles | $55,151 | $163,251 | $160,000 |
| Mr Ashley Hood | $60,096 | $64,629 | $60,000 |
| Mr John Kelly[1] | Nil | Nil | $TBC |

[1] To be appointed on completion of the SAT Acquisition. Mr Kelly's remuneration has not be agreed as at the date of this Prospectus.

## 9.6 Interests of Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person 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;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

   (i) its formation or promotion; or

   (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(a) the formation or promotion of the Company; or

(a) the Offer.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $12,000 (excluding GST and disbursements) for these services.

## 9.7 Consents

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 9.8 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately $31,130 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | $ |
|---|---|
| ASIC fees | 2,225 |
| ASX fees | 13,405 |
| Legal fees | 12,000 |
| Printing and distribution | 500 |
| Miscellaneous | 3,000 |
| **Total** | 31,130 |

## 9.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Acceptance and Transfer Forms. If you have not, please phone the Company on +61 8 9240 7110 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.victorymines.com.

The Company reserves the right not to accept an Acceptance and Transfer Form from a person if it has reason to believe that when that person was given access to the electronic Acceptance and Transfer Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 9.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this

Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### 9.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity Shares in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

## 10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each director and proposed director of the Company has consented to the lodgement of this Prospectus with the ASIC.

________________________________

**James Ellingford**
**Chairman**
**For and on behalf of**
**Victory Mines Ltd**

## 11. GLOSSARY

**$** means the lawful currency of the Commonwealth of Australia.

**Acceptance and Transfer Form** means the form accompanying the Offer Terms which provides for the acceptance of the Offer and the transfer of Shareholders' SAT Shares to the Company.

**Applicant** means a SAT Shareholder who applies for Shares pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means 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.

**Combined Entity** means the Company, SAT and their group companies.

**Company** means Victory Mines Ltd (ACN 151 900 855).

**Conditions Precedent** means the conditions precedent to the SAT Acquisition set out in the Offer Terms.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Existing Assets** means the existing assets of the Company.

**General Meeting** means the general meeting of Shareholders to be held on or around 8 May 2014 (or any adjournment of that meeting) in order to approve, amongst other things, and the issue of the Shares the subject of the Offer.

**Heads of Agreement** means the heads of agreement between the Company and South American Tin Limited dated 1 March 2014.

**New Assets** means the assets in which South American Tin Limited has an interest as further described in the Notice of General Meeting.

**Offer** means the offer to acquire 100% of the issued capital of SAT.

**Offer Closing Date** means the closing date of the Offer set out on the Acceptance and Transfer Form.

**Official Quotation** means official quotation on ASX.

**Opening Date** means the opening date for receipt of Acceptance and Transfer Forms being 30 April 2014.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Offer Terms** means the terms of the Offer appended hereto at Appendix 1.

**New Assets** means the assets owned or controlled by SAT (or its subsidiaries).

**Prospectus** means this prospectus.

**SAT** means South American Tin Limited ACN 149 712 925**.**

**SAT Acquisition** means the acquisition of 100% of the issued capital of SAT by the Company on the terms set out in Section 10.3.

**SAT Shares** means a fully paid ordinary share in SAT.

**SAT Shareholder** means a holder of a SAT Share.

**Security** means a Share or an Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## APPENDIX 1 – OFFER TERMS

**Offer**

1. Victory Mines Limited (ACN 151 900 855) (**Victory**) offers to acquire all of your SAT Shares subject to the terms and conditions set out below (**Offer**). This Offer extends to all of your SAT Shares that are on issue on the Settlement Date.

**Consideration**

2. The aggregate consideration to be offered by Victory for the acquisition of 100% of the SAT Shares on issue at Settlement, pursuant to this Offer and equivalent offers to each other SAT Shareholder (if any), is as set out below (the **Consideration**):

   an aggregate number of Victory Shares calculated in accordance with the following formula:

   1,000,000,000 Victory Shares x 'A'

   where 'A' equals the percentage that the SAT Shares on issue immediately prior to Settlement contribute, in aggregate, to the fully diluted capital structure of SAT immediately prior to Settlement, with such aggregate number of Victory Shares so calculated to be (i) issued to the SAT Shareholders; and (ii) apportioned between such SAT Shareholders on a pro-rata basis by reference to their respective shareholdings in SAT immediately prior to Settlement,

   <u>Worked example</u>:

   *As at a given date, the number of SAT Shares on issue is 53,275,807 and the number of SAT Shares that the convertible note on issue in SAT (**Convertible Note**) would convert into is 5,833,862. On that basis 'A' is equal to 90.13% and the Consideration is equal to 901,304,438 Victory Shares (rounded down to the nearest whole number).*

   For the avoidance of doubt, where acceptances for only 90% of the SAT Shares are received; only 90% of the maximum issuable Victory Shares calculated as set out above will be issued at Settlement.

3. The proportion of the Consideration payable to you will be your pro-rata proportion of the aggregate Consideration, calculated by reference to the number of SAT Shares on issue immediately prior to Settlement.

4. If the consideration payable to you would include a fraction of a Victory Share, the number of Victory Shares you are entitled to will be rounded down to the nearest whole number.

**Ranking**

5. The Victory Shares issued under the Offer will be issued fully paid and will rank equally with all other existing Victory Shares.

**Acceptance**

6. To accept the Offer you must:

(a) complete and sign the enclosed Acceptance and Transfer Form in accordance with the instructions set out in it; and

(b) send the Acceptance and Transfer Form to Victory at the address set out in the Acceptance and Transfer Form.

7. Your Acceptance and Transfer Form must be received by Victory by no later than the date set out on the Acceptance and Transfer Form (**Closing Date**). Victory will treat your Acceptance and Transfer Form as having been received by the Closing Date if it is actually delivered by the Closing Date or if the envelope which contains your Acceptance and Transfer Form, is post marked prior to the Closing Date. Victory may also accept Acceptance and Transfer forms after the Closing Date at its sole discretion.

8. Victory may treat the receipt by it of a signed Acceptance and Transfer Form as a valid acceptance although it does not receive the other documents required by the instructions on the Acceptance and Transfer Form or any of the other requirements for acceptance have not been complied with.

**Your agreement**

9. By accepting the Offer:

(a) you represent and warrant to Victory that:

(i) all of your SAT Shares will be fully paid up and that Victory will acquire good title to, and beneficial ownership of, them free of encumbrances;

(ii) if you reside in Australia, you have received a copy of a prospectus from the Company accompanied by or attached to this Offer and Acceptance and Transfer Form;

(iii) if you reside outside Australia, the Offer is not unlawful in your place of residence;

(iv) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Victory has not yet paid or provided the consideration due to you), you irrevocably appoint SAT and any nominee of SAT as your attorney to:

(I) attend and vote in respect of your SAT Shares at all general meetings of SAT; and

(II) execute all forms, notices, documents (including a document appointing a director of Victory as a proxy for any of your SAT Shares) and resolutions relating to your SAT Shares and generally to exercise all powers and rights which you have as the registered holder of your SAT Shares;

(b) you agree to be bound by the constitution of Victory on and from the date of issue of the Victory Shares to which you become entitled to by accepting the Offer and you authorise Victory to place your name on its share register for those Victory Shares;

(c) you agree to waive any rights of pre-emption or similar rights that you have in respect of the sale of SAT Shares to GRP under the terms of the Offer and equivalent offers to each other SAT Shareholder;

(d) independent of the ASX escrow requirements:

(i) if you are an entity or person that is associated with or controlled by the SAT Directors (**Director Associated SAT Shareholder**), you agree to a holding lock being placed on 100% of the Victory Shares issued to you under the Offer for a period of 12 months from 8 May 2014; and

(ii) if you are an entity or person, other than the Director Associated SAT Shareholders, you agree to a holding lock being placed on 100% of the Victory Shares issued to you under the Offer, with 50% of those Victory Shares to be escrowed for 6 months post 8 May 2014 and the remaining 50% to be escrowed for 12 months from the 8 May 2014; and

(e) you authorise Victory, as your agent and attorney, and in your name and on your behalf, to execute, at any time after your acceptance of this Offer, all forms, notices and instruments in respect of your SAT Shares in order to complete the transfer of your SAT Shares to Victory in accordance with the terms of this Offer, including, but not limited to an ASX restriction agreement and a voluntary restriction agreement.

**Conditions to Settlement**

10. Settlement of the purchase of your SAT Shares is conditional on satisfaction or waiver of the conditions in the Implementation Agreement which are set out below:

(a) completion of due diligence by Victory on SAT's business and operations, including its assets, to the absolute satisfaction of Victory;

(b) in the event SAT enters into a transaction with SinoLatin Capital as contemplated in Schedule 2 in the Implementation Agreement prior to the satisfaction of all other conditions to Settlement, the terms of such transaction will be discussed with Victory;

(c) Victory, SAT and the holder of the Convertible Note entering into a deed for the assignment of the Convertible Note from SAT to Victory effective on and from the Settlement Date, with such deed to also include such variations to the terms of the Convertible Note as are necessary to preserve the position that the holder of the Convertible Note would be in at Settlement if the Convertible Note had been fully converted immediately prior to Settlement;;

(d) Victory receiving valid acceptances from SAT Shareholders, such that Victory has a right to acquire at least 90% of the issued and outstanding shares in SAT on completion of the Offer;

(e) completion of the offer by Victory of not less than 166,666,667 Victory Shares at an issue price of at least $0.006 per Victory Share to raise not less than $1,000,000;

(f) Victory obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the parties to lawfully complete the matters set out in the Implementation Agreement;

(g) Victory obtaining all necessary third party approvals or consents to allow the parties to lawfully complete the matters set out in the Implementation Agreement and this Offer;

(h) Victory obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow it to lawfully complete the matters set out in the Implementation Agreement and the Offers; and

(i) each entity that is associated with or controlled by the SAT Directors (Director Associated SAT Shareholder) agreeing to a holding lock being placed on 100% of their Victory Shares for a period of 12 months from 8 May 2014; and

(j) each of the SAT Shareholders, other than the Director Associated SAT Shareholders, agreeing to a holding lock being placed on 100% of their Victory Shares, with 50% of those Victory Shares to be escrowed for 6 months post 8 May 2014 and the remaining 50% to be escrowed for 12 months from the 8 May 2014.

11. If the conditions set out above are not satisfied (or waived in accordance with the Implementation Agreement) on or before the date specified in the Implementation Agreement in respect of that condition or, if no date is specified, on or before 5.00pm (WST) on 16 May 2014 or such later date otherwise agreed in writing between Victory and SAT, the agreement constituted by acceptance of the Offer will be at an end and the parties will be released from their obligations under this Offer (other than accrued liabilities).

**Settlement**

12. Settlement of the acquisition of a minimum 90% shareholding interest in SAT (**Settlement**) will occur on that date which is no later than five Business Days after the satisfaction (or waiver) of the conditions set out in clause 9 (**Settlement Date**).

13. At Settlement:

(a) If you have accepted the Offer, Victory shall issue to you such number of Victory Shares as is equal to your pro-rata proportion (subject to rounding in accordance with clause 4 above) of the aggregate Consideration, calculated by reference to the SAT Shares held by you immediately prior to Settlement; and

(b) Your SAT Shares that are being acquired in accordance with the Offer and Acceptance and Transfer Form will be transferred to Victory and your existing share certificate relating to your SAT Shares will be cancelled.

14. The actions to take place at Settlement, as stated in clause 13, are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence, Settlement will not be taken to have occurred and any actions taken must be reversed.

15. Each of this Offer and the sale agreements documenting the sale of other SAT Shares on issue, between Victory and the other SAT Shareholders, are

interdependent. Settlement of this Offer must occur at the same time as settlement of all other such sale agreements and, unless Victory and SAT agree otherwise, Settlement will only be taken to have occurred once a minimum of 90% of the SAT Shares on issue on the Settlement Date have been acquired by Victory.

**General**

16. Each party shall sign and execute and do all deeds, acts, documents and things as may reasonably be required by the other parties to effectively carry out and give effect to the terms and intentions of this Offer.

17. This Offer shall be governed by and construed in accordance with the law from time to time in Western Australia. The parties agree to submit to the non-exclusive jurisdiction of the Courts of Western Australia and the Courts which hear appeals from those Courts.

18. This Offer may be executed in any number of counterparts.

**Definitions and Interpretation**

19. In this Offer unless the context otherwise requires:

**Acceptance and Transfer Form** means the form accompanying this Offer which provides for the acceptance of the Offer and transfer of your SAT Shares to Victory.

**ASX** means the Australian Securities Exchange.

**ASX Listing Rules** means the listing rules of the ASX.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Perth, Western Australia.

**Closing Date** has the meaning given to that term in Section 7.

**Corporations Act** means the *Corporations Act 2001* (Commonwealth of Australia).

**Implementation Agreement** means the agreement entered on 1 March 2014 between Victory and SAT in respect of the acquisition by Victory of no less than 90% of the issued capital in SAT, as amended from time to time.

**Offer** has the meaning given to that term in Section 1.

**SAT** means South American Tin Limited (ACN 149 712 925).

**SAT Share** means a fully paid ordinary share in the capital of SAT.

**SAT Shareholder** means a holder of an SAT Share.

**Section** means a section of this Offer.

**Settlement** has the meaning given to that term in Section 12.

**Settlement Date** has the meaning given to that term in Section 12;

**Victory Share** means a fully paid ordinary share in the capital of Victory.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**$** means Australian dollars.

20. In this Offer:

(a) headings are for convenience only and do not affect its interpretation; and

(b) unless the context otherwise requires:

(c) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;

(d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

(e) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender; and

(f) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Offer and a reference to this Offer includes any schedule, exhibit or annexure to this Offer.

# ACCEPTANCE AND TRANSFER FORM

**THIS IS AN IMPORTANT DOCUMENT. IF YOU ARE IN DOUBT AS TO HOW TO COMPLETE THIS FORM PLEASE CONSULT YOUR FINANCIAL ADVISER IMMEDIATELY.**

Offer by Victory Resources Limited (ACN 151 900 855) (**Victory**) to acquire 100% of your fully paid ordinary shares in South American Tin Limited (ACN 149 712 925) (**SAT**).

| Shareholder Details | No. of SAT Shares Held |
|---|---|
| | |

**If any of the above details are incorrect**, please amend them and initial the alterations. You should read the Offer which this form accompanies.

## HOW TO ACCEPT THE OFFER

**Your acceptance must be received by no later than 5:00pm (WST) on 10 May 2014 (unless extended by notice in writing from Victory to SAT). To accept this Offer please, complete, sign and date this form and return (with any accompanying documents required) to the registered office of Victory, being Level 11, 216 St Georges Terrace, PERTH WA 6000.**

### Signature(s)

I/We, the person(s) named above, being a holder(s) of the SAT Shares accept the Offer in respect of 100% of my/our SAT Shares and hereby agree to transfer to Victory those SAT Shares for the consideration specified in the Offer and agree to be bound by the terms and conditions of the Offer. If this form is signed under Power of Attorney, the Attorney declares that he/she has no notice of revocation of that power.

Affix common seal here if required by constitution

| Shareholder 1 | Shareholder 2 (if joint) | Shareholder 3 |
|---|---|---|
| ________________________ | ________________________ | ________________________ |
| Sole Director and Sole Company Secretary (if company) | Director/Secretary (if company) | Director (if company) |

Name and contact number of at least one signatory: ____________________________________

Dated __________________________

Please note:

(a) Joint Holders - All joint holders must sign this form.

(b) Corporations - This form must be signed by the authorised officers of the corporation and sealed (if required by, and in accordance with, the corporation's constitution), or a duly appointed attorney.

(c) Power of Attorney and Deceased Estates - If this form is signed under power of attorney, or by the executors of a deceased estate, or by the administrators, the relevant power of attorney, probate or letters of administration, together with any other documents required by law, must be **enclosed**.