
VICTORY MINES LIMITED

ACN 151 900 855

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00am WST
DATE: 15 January 2018
PLACE: Level 11, London House
216 St Georges Terrace
PERTH WA 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 13 January 2018.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF CONSIDERATION SECURITIES FOR COBALT ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 357,142,857 Shares, 142,857,143 Performance Shares and 178,571,428 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – VARIATION OF CLASS RIGHTS – ISSUE OF A NEW CLASS OF SECURITIES (PERFORMANCE SHARES)

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of clause 3.2 of the Constitution and section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – EXCLUSIVITY SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,285,714 Shares and 14,285,714 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT (LR 7.1)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,424,509 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT (LR 7.1A)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 41,330,486 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 12 December 2017

By order of the Board

Elizabeth Hunt
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or

number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 0389.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Summary of the Acquisition

As announced on 14 November 2017, the Company has entered into a binding agreement (**Acquisition Agreement**) to acquire 100% of the issued share capital in Cobalt Prospecting Pty Ltd (ACN 619 281 435) (**Cobalt**) from the current shareholders of Cobalt (**Vendors**) (**Acquisition**).

Cobalt owns four high-quality cobalt and scandium focused project areas in New South Wales and Western Australia (**Tenements**) as follows:

Project ID	Region	Tenement ID	Status
Husky	New South Wales	EL 8666	Granted
Malamute	New South Wales	EL 8667	Granted
Peperill Hill	Western Australia	ELA 29/1024	Application
Galah Well	Western Australia	ELA 29/1023	Application

For more information regarding the Tenements refer to the Company's announcement dated 14 November 2017.

1.2 Acquisition Agreement

The material terms of the Acquisition Agreement are as follows:

- (a) (**Conditions Precedent**): settlement of the Acquisition (**Settlement**) is conditional upon the satisfaction (or waiver by the Company) of the following conditions precedent:
 - (i) the parties receiving, by 15 January 2018, all necessary consents and approvals (including shareholder and regulatory approvals) as are required in connection with the Acquisition; and
 - (ii) the Company having notified the Vendors on or before 13 December 2017 (or any other date agreed between the Company and the Vendors) that the results of its due diligence on the business and operations of Cobalt and on the Tenements are satisfactory (at the sole discretion of the Company).
- (b) (**Consideration**): In consideration of the Acquisition, the Company will, at Settlement, issue to the Vendors (or their nominees):
 - (i) 357,142,857 Shares at a deemed issue price of \$0.007 per Share;
 - (ii) 142,857,143 Performance Shares that each convert into one Share (with one Option also issued for every two Shares issued on conversion) upon the announcement to ASX by the

Company that intersections of a minimum of 600ppm cobalt or 200ppm scandium mineralization have been achieved from a drilling program on the Tenements within three years of their issue date; and

(iii) 178,571,428 Options,

(together the **Consideration Securities**).

- (c) **(Reimbursement)**: At Settlement, the Company will reimburse the Vendors for expenditure spent on the Tenements in the amount of \$200,000, which amount will be paid to Cobalt to be applied at first instance as against any outstanding debts it has to third parties as regards previous work done in connection with the Tenements.
- (d) **(Royalty)**: At Settlement, the Company will grant to specified Vendors a 2% net smelter return royalty with respect to all minerals produced and sold from the area the subject of the Tenements (or any successor or replacement tenements to the Tenements).
- (e) **(Exclusivity Shares)**: The Company was granted an exclusive dealing period to complete the Acquisition. In consideration for this exclusivity the Company have issued to the Vendors 14,285,714 Shares and 14,285,714 Option (**Exclusivity Securities**) under the Company's existing Listing Rule 7.1 placement capacity (ratification of which is the subject of Resolution 3).
- (f) **(Director Nominee)**: The Vendors will have a right to nominate one non-executive director to the Company.
- (g) **(Exploration Manager)**: The Company will appoint Explore Resources Pty Ltd as its exploration manager.

1.3 Capital raising

Also announced on 14 November 2017, the Company proposed to conduct a capital raising to raise up to \$2,100,000 through the issue of up to 300,000,000 Shares and 150,000,000 Options (**Placement**).

The Placement was conducted in two tranches with 45,754,995 Shares issued under the Company's 7.1 (4,424,509 Shares) and 7.1A (41,330,486 Shares) placement capacity (**Tranche 1**) and the remaining 254,245,005 Shares (**Tranche 2**) and 150,000,000 Options issued on 30 November 2017 following Shareholder approval at the Company's annual general meeting held on 29 November 2017.

1.4 Summary of the Resolutions

A summary of the Resolutions is as follows:

- (a) Resolution 1 seeks Shareholder approval for the issue of the Consideration Securities;
- (b) Resolution 2 seeks Shareholder approval for the variation of class rights arising from the issue of a new class of security (being the Performance Shares);

- (c) Resolution 3 seeks Shareholder ratification of the prior issue of the Exclusivity Securities;
- (d) Resolution 4 seeks Shareholder ratification of the prior issue of Shares under Tranche 1 of the Placement (issued under the Company's Listing Rule 7.1 capacity); and
- (e) Resolution 5 seeks Shareholder ratification of the prior issue of Shares under Tranche 1 of the Placement (issued under the Company's Listing Rule 7.1A capacity).

2. RESOLUTION 1 – ISSUE OF CONSIDERATION SECURITIES FOR COBALT ACQUISITION

2.1 General

Resolution 1 seeks Shareholder approval for the issue of the Consideration Securities at completion of the Acquisition.

2.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities:

- (a) the maximum number of Consideration Securities to be issued is:
 - (i) 357,142,857 Shares;
 - (ii) 142,857,143 Performance Shares; and
 - (iii) 178,571,428 Options.
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Securities will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration in satisfaction of the consideration payable at completion of the Acquisition;
- (d) the Consideration Securities will be issued to the Vendors (or their nominees), each of which is not a related party of the Company;
- (e) the terms and conditions of the Consideration Securities are:

- (i) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (ii) the Performance Shares will be issued on the terms and conditions set out in Schedule 1; and
- (iii) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from this issue as the Consideration Securities are being issued in satisfaction of the consideration payable at completion of the Acquisition.

3. RESOLUTION 2 – VARIATION OF CLASS RIGHTS – ISSUE OF A NEW CLASS OF SECURITIES (PERFORMANCE SHARES)

3.1 General

Resolution 2 seeks Shareholder approval for the variation of rights attaching to Shares as a result of the issue of a new class of shares, being the Performance Shares.

The terms and conditions of the Performance Shares are set out in Schedule 1.

3.2 Legal requirements

Section 246C(5) of the Corporations Act confirms that if a company with only one class of shares issues a new class of shares, the issue of the new class of shares is taken to vary the rights attached to shares in the existing class if:

- (a) the rights attaching to the new class of shares are not the same as the rights attached to the existing class of shares; and
- (b) the rights attaching to the new class of shares are not provided for in:
 - (i) the company's constitution (if any); or
 - (ii) a notice, document or resolution that is lodged with ASIC.

Section 246B of the Corporations Act and clause 3.2 of the Constitution provides that the rights attaching to a class of shares cannot be varied without:

- (c) a special resolution passed at a meeting of the holders of the issued shares of the affected class; or
- (d) the written consent of the holders of 75% of the votes of the affected class.

The Company must give written notice of the variation to the members of the affected class within 7 days after the variation is made.

3.3 Application to the Company

The Company currently has only one class of share on issue, being fully paid ordinary shares (**Shares**). The terms of the Performance Shares will not be the same as the Shares and the rights attaching to the Performance Shares are not provided for in the Constitution.

Accordingly, the Company seeks Shareholder approval for the variation of rights attaching to Shares as a result of the issue of a new class of shares, being the Performance Shares.

Resolution 2 is a special resolution which requires at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

In the event Resolution 2 is passed by the requisite majority the Company will give written notice of the variation to the rights attaching to Shares to Shareholders within 7 days.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – EXCLUSIVITY SHARES

4.1 General

On 15 November 2017, the Company issued the Exclusivity Securities as contemplated by the Acquisition Agreement.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Exclusivity Securities (**Ratification**).

4.2 ASX Listing Rules

A summary of Listing Rule 7.1 is set out in Section 2.2.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 14,285,714 Shares and 14,285,714 Options were issued;
- (b) the Exclusivity Securities were issued for nil cash consideration in consideration for the Company being granted an exclusive dealing period to complete the Acquisition;
- (a) the terms and conditions of the Exclusivity Securities were:
 - (i) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
 - (ii) the Options will be issued on the terms and conditions set out in Schedule 2;
- (c) the Exclusivity Securities were issued to the Vendors each of which is not a related party of the Company; and

- (d) no funds were raised from this issue as the Exclusivity Securities were issued for nil cash consideration in consideration for the Company being granted an exclusive dealing period to complete the Acquisition.

5. RESOLUTIONS 4 & 5 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT

5.1 General

On 17 November 2017, the Company completed Tranche 1 of the Placement through the issue of 45,754,995 Shares at an issue price of \$0.007 per Share to raise approximately \$320,285.

4,424,509 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1 and 41,330,486 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the annual general meeting held on 25 November 2016.

Resolutions 4 and 5 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

5.2 Resolution 4 – ASX Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2 and a summary of Listing Rule 7.4 is set out in Section 4.2.

By ratifying this issue under Resolution 4, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.3 Resolution 5 – ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue the subject of Resolution 5, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

5.4 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 45,754,995 Shares were issued on the following basis:
 - (i) 4,424,509 Shares issued pursuant to ASX Listing Rule 7.1 (Resolution 4); and
 - (ii) 41,330,486 Shares issued pursuant to ASX Listing Rule 7.1A (Resolution 5);
- (b) the issue price was \$0.007 per Share under both the issue of Shares pursuant to ASX Listing Rule 7.1 and ASX Listing Rule 7.1A;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors who are clients of Everblu Capital Pty Ltd and Hartleys Limited to whom, under section 708 of the Corporations Act, a disclosure document under Chapter 6D of the Corporations Act is not required to be given, and none of whom is a related party of the Company; and
- (e) the funds raised from Tranche 1 (together with funds raised from Tranche 2) are intended to be used as follows:

Use of funds	\$
Exploration expenditure on existing projects (Bolivia, Laverton, Bonaparte)	450,000
Cobalt project exploration expenditure*	500,000
Costs of the Placement	126,000
Corporate and administration costs	1,024,000
TOTAL	2,100,000

** Acquisition of the cobalt project remains conditional on, amongst other things, Shareholder approval (Resolutions 1 and 2). In the event completion of the Acquisition does not occur, funds allocated to cobalt project exploration activities will be reallocated to the exploration activities on the Company's existing projects.*

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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.

Chair means the chair of the Meeting.

Company means Victory Mines Limited (ACN 151 900 855).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 2.

Optionholder means a holder of an Option.

Performance Share means a share in the capital of the Company with the terms and conditions set out in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS OF PERFORMANCE SHARES

- (a) **(Performance Shares):** Each Performance Share is a share in the capital of Victory Mines Limited (ACN 151 900 855) (**Victory**).
- (b) **(General Meetings):** Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of Victory that are circulated to Victory shareholders. Holders have the right to attend general meetings of Victory's shareholders.
- (c) **(No Voting Rights):** Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Victory's shareholders, subject to any voting rights under the *Corporations Act 2001* (Cth) (**Corporations Act**) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights):** Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Return of Capital Rights):** Performance Shares do not entitle the Holder to any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.
- (f) **(No Rights on Winding Up):** Upon winding up of Victory, Performance Shares may not participate in the surplus profits or assets of Victory.
- (g) **(Transfer of Performance Shares):** Performance Shares are not transferable.
- (h) **(Reorganisation of Capital):** In the event that the issued capital of Victory is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (i) **(Application to ASX):** Performance Shares will not be quoted on ASX. Upon conversion of Performance Shares into Victory Shares and VICOA Options in accordance with these terms, Victory must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of Victory Shares and VICOA Options arising from the conversion.
- (j) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under item (h) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Victory Shares such as bonus issues and entitlement issues.
- (k) **(Amendments required by ASX):** The terms of Performance Shares may be amended as necessary by the board of directors of Victory in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (l) **(No Other Rights):** Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of Performance Shares

- (a) **(Issue of Performance Shares):** The Performance Shares will be issued on Settlement.
- (b) **(Milestones and Conversion):** Each Performance Shares will automatically convert into one Share (with one VICOA Option being issued for every two Shares issued) upon the announcement to ASX by Victory that one 4m intersection with an average grade of 300ppm scandium (Sc) or 600ppm cobalt has been achieved from a drilling program on the Tenements within three years of their issue date (**Milestone**).
- (c) **(Change in Control):** Upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of Victory and:
 - (A) having received acceptances for not less than 50.1% of Victory's shares on issue; and
 - (B) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of Victory or its amalgamation with any other company or companies,

then, to the extent the Performance Shares have not converted into Victory Shares due to satisfaction of a Milestone, the Performance Shares automatically convert to that number of Victory Shares which when issued together with all Victory Shares issued under any other class of performance shares then on issue in Victory, is equal to the lesser of one Victory Share per Performance Share and 10% of the total Victory Shares on issue at that time. Performance Shares that are not converted into Victory Shares will continue to be held by the holder on the same terms and conditions.

- (d) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Share under paragraph (b) or (c) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:
 - (i) Holders may give written notification to Victory if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle Victory to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) Victory may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (d)(i) within seven days if Victory considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle Victory to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

- (e) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the required date, then each Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non- satisfaction of the Milestone.
- (f) **(After Conversion):** Victory Shares and VICOA Options issued on conversion of the Performance Shares will, upon and from their issue, rank equally with and confer rights identical with all other Victory Shares and VICOA Options (respectively) then on issue and application will be made by Victory to ASX for official quotation of Victory Shares and VICOA Options issued upon conversion (subject to complying with any restriction periods required by the ASX).
- (g) **(Conversion Procedure):** Victory will issue the Holder with a new holding statement for Victory Shares and VICOA Options as soon as practicable following the conversion of the Performance Shares into Victory Shares.

SCHEDULE 2 – TERMS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 28 December 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under **Error! Reference source not found.** for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **ASX Quotation**

The Company intends to apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

VICTORY MINES LIMITED
ACN 151 900 855

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on 15 January 2018 at Level 11, London House, 216 St Georges Terrace, Perth, Western Australia, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of Consideration Securities for Cobalt Acquisition	☐	☐	☐
Resolution 2	Variation of Class Rights – Issue of New Class of Securities (Performance Shares)	☐	☐	☐
Resolution 3	Ratification of prior issue – Exclusivity Securities	☐	☐	☐
Resolution 4	Ratification of prior issue – Tranche 1 Placement (7.1)	☐	☐	☐
Resolution 5	Ratification of prior issue – Tranche 1 Placement (7.1A)	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing the Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Victory Mines Limited, GPO Box 2517, Perth WA 6831; or
 - (b) facsimile to the Company on facsimile number +61 8 9463 6103; or
 - (c) email to the Company at info@victorymines.com,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.