

ASX Announcement

28 July 2017



ASX Code: VKA

Quarterly Report for the period ended 30 June 2017

During the quarter ended 30 June, 2017, Perth-based Viking Mines Ltd (Viking or the Company) was actively focussed on concluding the sale agreement for the Akoase gold project in Ghana, and reviewing new acquisition opportunities.

1. Akoase Gold Project (Ghana, VKA 100% - reducing to 0% upon completion of sale)

During the quarter the Company's subsidiary Resolute Amansie Limited (RAL) entered into a Deed of Acknowledgement (Deed) in relation to the sale of the Akoase Gold Project that both confirmed the original USD10 million sale consideration and guaranteed the payment of the then remaining USD6 million in sales proceeds.

Following execution of this Deed a further USD1 million in sales proceeds was received in June 2017.

The Deed has resulted in the ownership of the project purchasing company transferring to a substantial Ghanaian trading company BXC Ghana Ltd. Besides having investments in other Ghana located gold projects BXC Ghana has substantial electricity generation, distribution and metering contracts with the Ghanaian government. BXC Ghana has guaranteed all the remaining Akoase sales proceeds payments that are due to be paid to Viking during the balance of 2017.

As part of the necessary approvals for BXC Ghana to take on this obligation its parent company, which is listed in Shenzhen in China, received specific shareholder approval for BXC Ghana to enter into the Deed and to incur the ongoing liabilities that arise from the Deed.

As a result of these approval processes in both Ghana and China, the Board of Viking remains extremely confident that the balance of the Akoase sale proceeds will be received in a timely manner.

Features of Akoase sale and the Deed include:

1. A total sales consideration of USD10 million with an agreed payment schedule as follows:

- USD 3 million – paid to date,
- USD 2 million to be paid by 30 June 2017*;
- USD 3 million to be paid by 31 December 2017*, and
- a further USD 2 million via royalties from production.

* Each payment date is subject to a 30 day buffer before ARL/BXC Ghana are considered to be in default such that penalty interest applies to the overdue amount.



2. The Deed confirmed that the sale was no longer subject to termination under any possible application of warranty/termination clause contained in the original sale agreement.

The receipt of a further USD5 million over the next 6 months places Viking in a very strong position in its search for a new project for the Company to develop.

Viking has been advised by Emerald Partners Pty Ltd in relation to both the original Akoase sale and the above mentioned Deed.

2. Thailand Lithium Project Termination

In May 2017, Viking advised that it issued a formal Notice of Termination to Argo Metals Group Limited ("Argo") and its shareholders that it would not proceed with the acquisition of Argo. This acquisition of Thailand located projects was originally announced on 18 November 2016 however key conditions precedent to the acquisition remained outstanding and Viking no longer considered these as achievable.

Further Viking noted that Argo and its shareholders had issued Viking with their own Notice of Termination in relation to this matter.

Prior to terminating this acquisition Viking did undertake field sampling and other geological activities on the Thailand projects during this quarter. As Viking is not proceeding with the acquisition the results of these activities have not been reported.

3. Berkh Uul Coal Project (Mongolia, VKA 100%)

No on-ground activity on the project during the quarter.

Viking continues to seek a resolution relating to changes to boundaries of protected areas affecting the Berkh Uul prospecting license, introduced under Long Name Law in 2010. With no guidance currently forthcoming from the Ministry for Mines and Heavy Industry or Environmental Ministry, the Company also continues to investigate its legal options.

4. Khonkhor Zag Coal Project (Mongolia, VKA 100%)

No on-ground work was undertaken on the project during the quarter.

Joint venture partners are currently being sought to assist with development of the project.

5. Corporate

With cash reserves building from the sale of the Akoase gold project, the board believes Viking is in a strong and unique position to identify and evaluate other value creating opportunities in the mining sector.

During the quarter Viking completed a high level strategic operational review to identify preferred geographic regions and commodities where exploration and project development opportunities would be consistent with the Company's financial and technical capacity.

The Company is now intensifying its review of mineral project farm-in/acquisition opportunities with the objective of acquiring mature exploration assets with potential to deliver long term sustainable cash



flow. While a number of projects were reviewed during the quarter, none are currently at an advanced stage of consideration.

Jack Gardner
Executive Chairman

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Competent Persons Statement: The information in this Public Report that relates to gold Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter McMickan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McMickan is a full time employee of Viking Mines Limited. Mr McMickan has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McMickan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements: This document may include forward looking statements. Forward looking statements may include, but are not limited to statements concerning Viking Ashanti Limited's planned exploration programs and other statements that are not historical facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward looking statements. Although Viking Ashanti Limited believes that its expectations reflected in these forward looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward looking statements.



About the Akoase Gold Project

The Akoase Project is an advanced exploration gold project located approximately 125km northwest of Accra in Ghana. The Project comprises the Akoase East (JORC (2012) classified Inferred resource of 790,000 ounces), Akoase South-East and Akoase West licenses. Akoase is 25km from Newmont's 8 million ounce Akyem Gold Mine, on the margins of the Ashanti Gold Belt, one of the most prolific gold bearing provinces in the world.

The information in this report concerning the Mineral Resources of Viking Mines is extracted from the report entitled "12% Increase to 790,000 oz in Gold Resource for Ghana Project" created on 4 October 2013 and is available to view on Viking Mines website at www.vikingmines.com. Viking Mines confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking Mines confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

About the Berkh Uul Coal Project

Berkh Uul is located 400 km north of Ulaanbaatar in north-eastern Mongolia within the Orkhon-Selenge coal district and within 20km of the Russian border. The project is within 40km of rail access into Russian off-take markets, in close proximity to water, infrastructure and transport.

The deposit consists of shallow, consistent coal seams of high quality bituminous coal amenable to low strip ratio open pit mining.

Discussions with nearby cement works and power stations confirm a local industrial demand for unwashed Berkh Uul coal, due to its low ash and relatively high calorific value. To date four Memoranda of Understanding for the supply of coal from Berkh Uul have been signed with local industrial end-users.

On 17 March, 2014, Viking announced a new Indicated and Inferred coal resource estimate, classified in accordance with the JORC (2012) Code, for the Berkh Uul coal project. The resource estimate was completed by consultancy group, RungePincockMinarco Ltd, and totals 38.3 Mt. Of this, 21.4Mt is classified as Indicated and 16.9Mt classified as Inferred. The coal is bituminous in rank (ASTM classification) with average in situ quality as follows: Total Moisture 19.8%, Calorific Value 5,323 kcal/kg (air dried basis, adb), Ash 15.5% (adb), and Total Sulphur 0.37% (adb).

The information in this Report concerning the Berkh Uul Mineral Resource is extracted from Viking's announcement to the ASX entitled "New 38.3Mt resource for Merger Company's Mongolian coal project" dated 17 March, 2014, and is available to view on Viking's website at www.vikingmines.com. Viking confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



Location of Viking Mines Projects



Appendix 1
Tenements Held at 30 June 2017

Ghana

License name	Location	License type	License Holder/ JV Partners*	Viking Mines Ownership
Akoase West	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
Akoase East	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
Akoase South-East	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
West Star*	southern Ghana	Mining lease	WMCL/RAL	100% hard rock
Tumentu	southern Ghana	Prospecting license application	RAL	100%

RAL = Resolute Amansie Ltd is a 100% owned subsidiary of Viking Mines Ltd

WMCL = West Star Mining Company Ltd, joint venture partner in the West Star gold project

* subject to rescindment/renewal dispute with Minerals Commission

Mongolia

License name	Location	License type	License Holder/JV Partners*	Viking Mines ownership
Berkh Uul	Selenge province, Mongolia	Exploration license	BRX LLC	100%
Khonkhor Zag	Govi Altai province, Mongolia	Mining lease	Salkhit Altai LLC	100%

* BRX LLC and Salkhit Altai LLC are 100% owned subsidiaries of Viking Mines Ltd.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

VIKING MINES LIMITED

ABN

38 126 200 280

Quarter ended ("current quarter")

June 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(180)	(545)
	(b) development		
	(c) production		
	(d) staff costs	(105)	(303)
	(e) administration and corporate costs	(90)	(406)
1.3	Dividends received		
1.4	Interest received	3	11
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(372)	(1,243)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment		(10)
	(b) tenements (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)	1,305	1,147
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received		
2.5	Other – costs re potential project acquisitions		(265)
2.6	Net cash from / (used in) investing activities	1,305	872

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		1,267
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		(76)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		1,191

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,134	1,306
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(372)	(1,243)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,305	872
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,191
4.5	Effect of movement in exchange rates on cash held	(2)	(61)
4.6	Cash and cash equivalents at end of period	2,065	2,065

5.	Reconciliation of cash and cash equivalents at the end of the quarter to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,604	593
5.2	Call deposits	461	541
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter	2,065	1,134

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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Current quarter \$A'000
49

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	
9.3 Production	
9.4 Staff costs	50
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	300

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 28 July 2017

Company secretary

Print name: Michael Langoulant

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.