



VICTORY WEST
MOLY LIMITED

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The Manager
Company Announcements Office
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Dear Shareholders

VICTORY WEST MOLY GRANTED FIRST IUP MOLYBDENUM TITLE IN SULAWESI, INDONESIA

Victory West Moly Ltd (ASX: VWM) ("**Victory West**" or the "**Company**") is pleased to announce that the necessary licenses to convert KPs to IUPs have now been finalised.

Victory West Moly has been very proactive during the past months in preparation for the granting of new IUP licenses by hosting presentations to the local and provincial governments on continuing exploration on the concessional areas. Several meetings have taken place in Jakarta and Sydney, with the signing of all documents finalised at a meeting in Jakarta on Tuesday 25th August by the local Bupati and Victory West Moly representatives.

Given the transition of changes in the mining laws, Victory West and KP parties have entered into 'Life of Mine' agreements and nominee arrangements including operations through a PMA Company (PT Sulawesi Molybdenum Management). This series of agreements provide the legal rights to VWM to explore and exploit the Malala project.

In accordance with requirements under the new Indonesian Mining Law, VWM had recently submitted the formal documents required to convert the Company's tenements (KPs), into IUPs. VWM has ensured the KPs have been kept in excellent standing since acquiring the Malala Molybdenum Project by undertaking a significant amount of exploration to date, as well as committing to ongoing exploration and development campaigns. The Company had decided to convert five of its six KPs into IUPs, relinquishing the PT Satria Mas KP as it is located within the water supply catchment of the Toli Toli Township. Reconnaissance sampling undertaken within Satria Mas had not returned any significant results and was therefore considered a low priority target area for the Company.

Background on Indonesian Mining Licenses

The new bill on mining law (mineral and coal) was passed in Indonesian Parliament on 16 December 2008. The new law introduced rather large changes to the manner in which the mining industry in Indonesia is regulated.

The previous system of permits (Kuasa Pertambangan, or KPs) and contracts of work (COW) issued directly by the central Government has been replaced with various forms of mining licenses, mainly the Izin Usaha Pertambangan (IUP). These licenses will be based on newly designated mining areas known as WUPs (Wilayah Usaha Pertambangan) which are commercial mining areas open to general commercial exploitation and WPNs (Wilayah Pencadangan Negara) being areas reserved in the 'national strategic interest'.

These licences are granted in a two stage process – the initial exploration stage for surveys, feasibility studies and exploration and the production/operation stage for mining, refining, processing and sale. The new law decrees that a licence for production will be granted to the holder of an exploration licence.

The type of mining will determine the duration and area of the licence granted. For metal mines, the exploration IUP granted will be for a maximum of 100,000 hectares and 8 years, with the production IUP being granted for a maximum of 20 years (with possibility to extend) and 25,000 hectares.

The new law shows a shift in power regarding granting of licences. Previously all COWS were issued from Jakarta; however the local Governments can now take authority. Now, depending on the geographical location, IUPs for the proposed mining area may be granted at either a municipality, regency, regional or national level.

The Company is pleased that the signing of the new licenses by the Bupati makes the Company one of the first International Mining companies to have been granted this right. The Company looks forward to a long and prosperous relationship with the Indonesians and looks forward to exploration and development continuing throughout the Company's tenements into the future.

Yours faithfully



LUKE MARTINO
Company Secretary