

VICTORY WEST MOLY LIMITED

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1 September 2009

The Manager
Company Announcements Office
Australian Stock Exchange Limited
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Dear Shareholders

UPDATE ON MALALA MOLYBDENUM PROJECT, SULAWESI, INDONESIA

Victory West Moly Ltd (ASX: VWM) ("**Victory West**" or the "**Company**") is pleased to announce the following major achievements:

- Acceptance of the Company's application for IUP status for its 5 molybdenum concessions forming the Malala Molybdenum Project near Toli Toli, northern Sulawesi, Indonesia. Formal grant is imminent
- Presentations and meetings with Indonesian delegation from the Toli Toli province in Sydney and Jakarta during August 2009. These officials remain firmly in support of the Company's objectives during the exploration and development stages of the Malala Project
- Continuing discussions with Chinese and other interested parties concerning the project and or partnership with the Company as it establishes the status and integrity as a major molybdenum explorer and producer in Indonesia
- Molybdenum prices indicate a strong upward price movement

Scoping Study with BGRIMM

As previously announced, the Company has completed the second stage of the scoping study with the Beijing General Research Institute of Mining and Metallurgy ("BGRIMM"). Results of the studies completed to date have shown very positive results for the future feasibility of the project. Scoping studies will continue to be advanced as ongoing exploration continues to delineate the size and grade of the Anomaly B prospect.

Preliminary metallurgical testwork was undertaken on a 350kg sample of mineralised drill core taken from drill holes M37 and M38 which were drilled by Victory West at Anomaly B late in 2008. The samples were sent to BGRIMM who performed this initial testwork on a laboratory scale.

As announced to Shareholders in May, the testwork consisted of grinding, followed by rougher flotation and seven stage cleaning flotation incorporating two stage re-grind. This process followed conventional molybdenum flotation circuit technology. The head grade of the material tested was 0.11% Mo which produced a concentrate grading 51% Mo. Recovery was reported as 89.1%, which appears an excellent result by industry standards.¹

Costs during the quarter in relation to BGRIMM and their consultants were in excess of A\$100,000.

Trenching Activities

Trenching activities continue at Anomaly B, currently focussing on extending the northern strike of the surface expression of molybdenite mineralisation. Two additional trench lines are being excavated and sampled in this northern area. Following completion of the northern trenches, three additional trench lines will be excavated to define the southern strike extension of Anomaly B. Upon completion, the trenching activity is aiming to define the surface expression at Anomaly B of 2,000m strike length and 350m width.

In light of the current activity both on site and off, the Company is represented by staff both in the office in Jakarta and onsite at Nancy Camp (where we employ 60-70 geologists and staff mostly on a fulltime basis).

Petrology Study

As advised to Shareholders in the June Quarterly Report, a suite of polished thin sections were prepared from 24 drill core samples selected from the 2008/2009 diamond drilling program undertaken by VWM at Anomaly B. These thin sections were sent to petrologist Dr Jane Barron for detailed petrological and mineralogical analysis. Dr Barron has prepared a comprehensive report on these samples, focussing on the distribution, location and relationship of molybdenite mineralisation with other sulphide and silicate minerals. A number of interesting conclusions have resulted from this study.

Furthermore, Dr Barron has also recognised an unusual mineral assemblage in a number of the samples taken from the bottom of diamond drill hole M38. This mineral assemblage is found in hydrothermal breccia veins and exhibits colloform textures consistent with low-sulphidation epithermal systems (Figure 1 & 2). Subsequent microprobe analysis of these minerals has revealed the presence of antimony sulphide (stibnite Sb_2S_3) and small quantities of rare native arsenic.

At this stage, the implications for the Anomaly B molybdenum deposit are quite minor, as the hydrothermal breccia veins appear to be an isolated occurrence. However, the recognition of this assemblage could become important when undertaking future drill programs which may intersect unexpected hydrothermal breccia veins. As these veins have not been recognised in this area before now, it is possible they may now be identified by regional prospecting activities.

¹ Recovery has been compared to reported recovery from operating Mo mines, such as Thompson Creek, USA and Endako, Canada (Thompson Creek Metals Company), as well as recoveries reported from feasibility studies released by Moly Mines Ltd on Spinifex Ridge Deposit, Mercator Minerals Ltd on Mineral Park Deposit & Adanac Molybdenum Corporation on Ruby Creek Deposit.

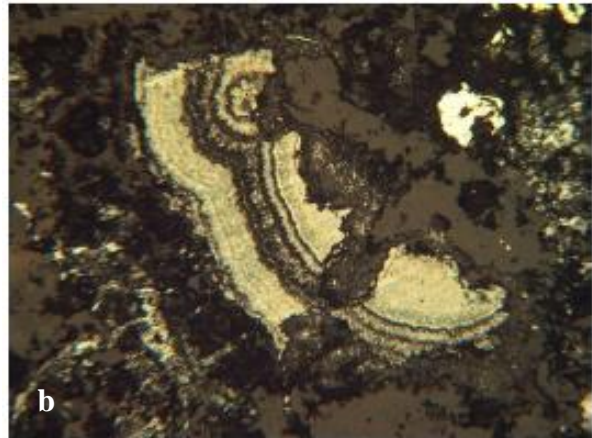


Figure 1 – a. Hydrothermal breccia vein from M38. b. Colloform banded native arsenic within a hydrothermal breccia taken from the bottom of drill hole M38. Long dimension of photograph is 0.75mm.

Other Expenditure

The Company has administration expenses associated with the recent Rights Issue and underwriting of the funding. In addition, Indonesian and Australian legal expenses amounted to \$55,000 for the Quarter. Company secretarial fees amounted to \$20,000 and other audit and share registry services, Director's fees and Consultants fees equated to approximately \$117,000 during the quarter.

During the quarter, expenditure on Indonesian administration, consultancy and payments related to title transition were circa A\$500,000.

Yours faithfully

LUKE MARTINO
Company Secretary

Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Mr Brett McKay, who is a Member of the Australasian Institute of Geoscientists and an employee of Victory West Moly Limited. Mr McKay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("The JORC Code"). Mr McKay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.