

25th November 2010

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Shareholders

USSU Nickel Project – Significant upside identified through re-evaluation of existing data

- Refined exploration target* through the re-evaluation of existing data;
 - 25-30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in saprolite and
 - 15-20Mt @ 1.10-1.30% Nickel with 0.05% Cobalt and 29.6% Fe in limonite
- Potential for a long mine life from high grade saprolite mineralisation
- Investigating tandem commercialisation opportunities for both lower grade limonite mineralisation and high grade saprolite mineralisation
- Drilling contractor mobilised – 80 hole drilling program targeting Maiden inferred JORC resource in Q1 2011
- Less than 40% of the concession explored to date – significant upside potential outlined that will require additional exploration

Victory West Moly Limited (ASX: VWM FSE: R1E) the SE-Asia focussed metals explorer, has announced a significantly refined exploration target* size for the nickel laterite mineralization at its USSU Nickel Project in Indonesia.

Data re-evaluation has resulted in a significantly refined exploration target* size of:

- **25-30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in Saprolite and**
- **15-20Mt @ 1.10-1.30% Nickel with 0.05% Cobalt and 29.6% Fe in Limonite.**

* In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

VWM Chief Executive Officer Rob Hyndes said the data re-evaluation has demonstrated that the project offers great potential for value adding options to be explored over and above its known DSO potential.

"We are excited at the conceptual project economics, and the opportunities this project presents to deliver long-term value to our shareholders," he said.

Rohan Erwin, VWM's Project Director, is leading the Company exploration program on the ground in Indonesia. Mr Erwin has an outstanding track record in the identification, exploration and development of greenfield mining projects in Australia, Indonesia and South America.

"We will have sufficient drilling done by year end to deliver a maiden, inferred resource early in 2011, targeting early commercialisation through direct shipping the high-grade nickel saprolite," Mr Erwin said.

"Importantly the exploration work undertaken to date covers less than 40% of the project concession area. The remaining undrilled areas of the concession are considered to also have considerable prospectivity providing the possibility of significantly increasing the area from the currently defined exploration target* areas."

The USSU Project is in a prolific laterite nickel province with several major operations or projects nearby, including Rio Tinto's 162Mt Sulawesi Nickel Project and PT Inco's 161Mt Sorowako mine.

Feasibility and Environmental Studies are in progress for Production and Operational IUP concession applications.

Mr Hyndes said the market for DSO nickel ore was robust, with continued strong nickel demand from key Asian markets.

A detailed geological overview of the USSU Project is outlined below.

ENDS

Background

As announced on 12 November 2010, subject to shareholder approval VWM is proceeding with the acquisition the 70% equity interest in the highly prospective USSU Project.

The Company is preparing the required documentation for the Notice of Meeting and the proposed date of the meeting will be announced in due course.

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About VWM

Victory West Moly Ltd is a metals focused resource exploration company listed on the Australian Securities Exchange and Frankfurt Stock Exchange (FSE code: R1E), with a vision to find, prove and extract value from world class metals projects in South East Asia.

The Company has, or is in the process of acquiring, majority interests in world class metals, deposits, including a 27.5 percent 'free carried' interest to production in the Malala Molybdenum Project with experience Molybdenum mining group China Guangshou Group Co., Ltd.

The Company's Board and management team have a proven track record in the identification, exploration and development of greenfields projects, and in resource sector project finance and corporate transactions.



Figure 1: Location map of Luwu Nickel Project and the Company's cornerstone Malala Molybdenum Project.

Geological Data Review

A significant amount of technical work has been undertaken on the USSU Project including drilling 85 holes at a spacing of 200m x 200m, as well as various trenching and test pitting programs. Results of this work have provided sufficient data to outline an initial Exploration Target* of 35-45Mt @ 1.2% to 1.6% Ni* inclusive of both limonite (low grade Ni) and saprolite (high grade Ni) zones.

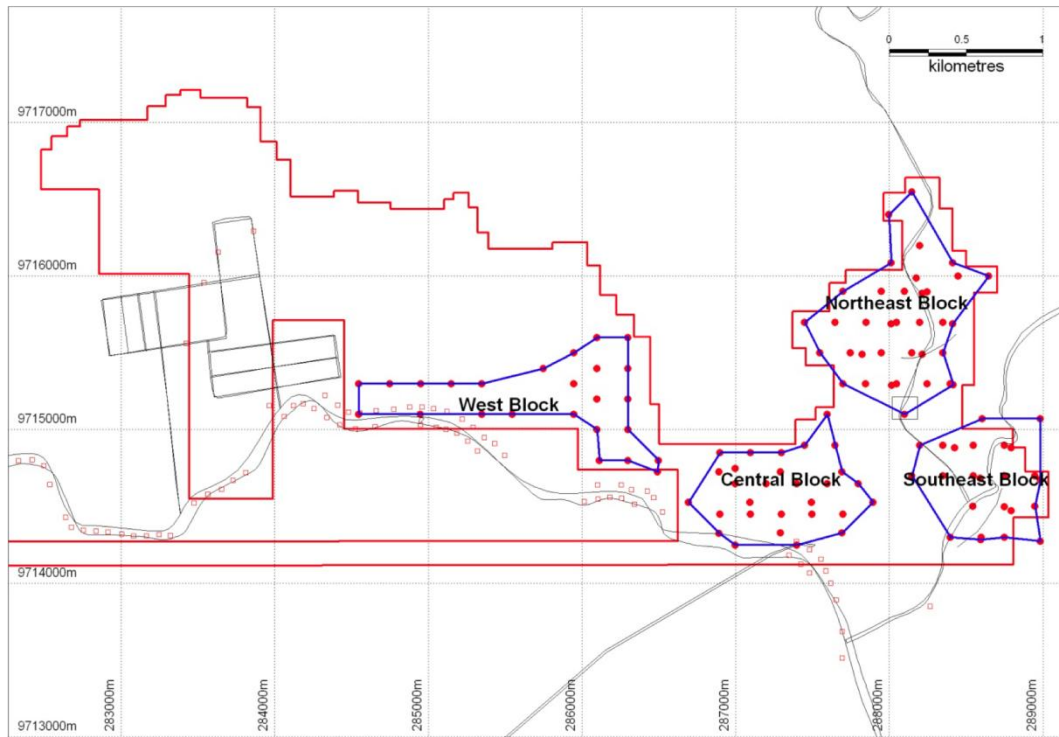
* In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Company has retained PT GMT Indonesia (“GMT”) a leading geological consulting firm to undertake a comprehensive technical review of the project and historical geological data as well as lead and manage the technical programs going forward.

The re-evaluation undertaken by GMT on the historical raw data provided by PT PUL has allowed of the generation of an Exploration Target* in a number of discrete zones, being;

- **25-30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in Saprolite and**
- **15-20Mt @ 1.10-1.30% Nickel with 0.05% Cobalt and 29.6% Fe in Limonite**

The following figure details the historic drilling and exploration program;



Location of the various blocks modelled, the existing drill hole and test pit data on the Eastern side of the Concession.

A review of the geological logs indicates that in a number of areas only a thin limonite layer occurs over thick sequences of saprolite, making the areas defining the Exploration Target* very attractive for the development of an initial DSO operation. The current Exploration Target* requires further verification and validation from the planned drilling and exploration program, which will be the first phase of a comprehensive programme to define the mineralization.

Notably, the exploration work undertaken to date covers less than 40% of the project concession area. The remaining undrilled areas of the concession are considered to also have zones of nickel laterite, which may add further zones of mineralization to the overall project potential.

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80 hole drilling program underway

VWM has engaged Indonesian Drilling Contractor CV. Fajar Jaya to undertake a verification and infill drilling program within the currently targeted initial production area. The contractor has mobilized to site and will be supervised and managed by GMT.

The initial program will entail 80 holes totalling approximately 1,000m of total drilling and field works will be complete in approximately 4-5 weeks (as detailed in Figure 3 and 4). It is estimated that complete analysis and geological modeling will take an additional four weeks. Interim results will become available throughout the program duration.

Targeting an Inferred Resource

It is expected that the current drilling program will result in a maiden inferred resource, aimed to be reported in accordance with the JORC Code, which the Company reasonably expects to communicate to the market in the first quarter of 2011. It is the Company's intention to continue and expand the drilling program to increase both target mineralization tonnages and confidence levels of the deposit.

Additional DSO opportunities

The Company's strategy is to target a high grade DSO Nickel saprolite product of ~1.8%, chosen primarily due to the strong demand for, and marketability of, this higher grade product.

The analysis undertaken on the historical data indicates that the deposit has the potential to be commercially divisible into the high grade 1.8% Nickel product which is primarily saprolite-hosted and a 1.2% Nickel product which is predominantly limonite-hosted and is higher in contained Iron (Fe) and Cobalt (Co) than the saprolite mineralisation.

During the due diligence period, a review of the DSO Nickel market was undertaken, and a number of DSO producers (predominantly out of the Philippines) have been shipping a 1.1-1.2% limonite product to China; opening up the possibility of marketing both a lower and a higher grade product. It is assumed that the market demand for limonite DSO product will increase as the Nickel price increases. The Company will continue to explore all of the available opportunities.

Downstream Processing

To date, the Company has focused on the significant DSO potential of the Project. It is important to note that in parallel the Company is evaluating both Hydrometallurgical and Pyrometallurgical processing options likely to entail Heap Leaching and production of a Concentrate for processing by others, Direct Reduction and the production of a crude ferro-nickel product suitable for blast furnace feed.

Analysis of samples generated from the current drilling program will produce a comprehensive breakdown of contained elements relevant to downstream Nickel and Steel production. Bottle roll and Reduction testing will also be undertaken on selected samples as an early indicator of Leachability and or Direct Reduction potential of the ore types contained in the USSU deposit.

Competent Persons Statement

The data in this announcement that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 Gunter is a fulltime employee of GMT Indonesia and he consents to the result as they appear.

