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The Manager
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WORK TO START AT MALALA MOLYBDENUM PROJECT

- Work set to start on Malala Molybdenum Project in Sulawesi, Indonesia as China Guangshou Group Corp (CGGC) agrees to advance first tranche of its \$500,000 Commitment fee
- Victory West and CGGC will immediately establish a Management and Operational Committee to set next 12-month budget and work programs for Malala, including:
 - Commencement of development works - construction of 20km+ of road
 - Extensive drilling and exploration program including construction of a 700m+ exploration adit (tunnel)
 - Exploration and feasibility works to determine quickest and most effective route to early production from identified high-grade mineralization

Victory West Moly (ASX: VWM, FSE: R1E) is pleased to advise that its joint venture partner China Guangshou Group Corp (CGGC) is poised to start aggressive work program on the Malala Molybdenum Project in North Sulawesi, Indonesia after CGGC has agreed to advance the first \$500,000 cash payment provided for as part of the pair's joint venture agreement.

On receipt of certain executed administrative letters, CGGC will immediately make the second and final \$500,000 payment under the terms of its Commitment Fee. The two \$500,000 payments comprise the \$1million Commitment Fee agreed as part of the joint venture.

Under the terms of the agreement, CGGC will acquire a 65 per cent interest in the project in return for sole funding 100 per cent of all expenditure to up to the point where Malala is in large-scale production.

Victory West will retain a free-carried interest of 27.5 per cent in the project through its related parties.

The Malala Molybdenum Project comprises five strategic exploration concessions that are highly prospective for Molybdenum. These are located in the Toli-Toli Regency at the northern tip of the island of Sulawesi in Indonesia and cover a total area of 23,747Ha.

At the end of January, key management from Victory West and CGGC (Indonesia) met with the Governor of Central Sulawesi H. Bandjela Paliudju, and H. Moh. Saleh Bantilan, Bupati Toli Toli Regency and Central Sulawesi. The Governor and Bupati reiterated their commitment to support the project and provide their full support to expedite any required letters and approvals.

Initiating Work Program

The parties have agreed to as soon as practically possible to establish a management and operating committee consisting of three CGGC representatives and two VWM group representatives.

An annual budget and work program is to be agreed and implemented by the Operating Committee. Subject to receipt of the any required permits, an immediate and extensive exploration and development program will be undertaken with an initial primary focus on Inti Cemerlang.

It is expected that the initial work program will see the construction of more than 20kms of roads providing greater accessibility to the project, significant drilling and exploration work including the construction of a 700m+ exploration/prospecting tunnel (adit) to further explore Anomaly B.

CEO Robert Hyndes said the initial focus would be on exploration and feasibility works that would determine the quickest route to early production opportunities from high-grade mineralisation indentified during exploration.

Additionally, CGGC have indicated their interest in securing an off-take and supply agreement for DSO Nickel from the USSU Nickel Project which is currently in the process of being acquired by VWM. The parties have agreed to enter into good faith negotiations as the project continues to advance towards production.

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About Malala Joint Venture

On 27 November 2010, Victory West and CGGC entered into a memorandum of agreement ("MOA") detailing the terms of the acquisition by CGGC of a majority interest in the Malala Molybdenum Project.

Under the terms of the agreement, CGGC will acquire a 65 per cent interest in the Project in consideration for sole funding 100 per cent of all expenditure to large scale Production. VWM will retain a "free carried" interest of 27.5 per cent in the Project through its related parties. CGGC will also pay a US\$1 million commitment fee (to be paid in 2 tranches of \$500,000).

Under the terms of the MOA, a number of key exploration, development and production milestones are required to be met by CGGC;

- Exploration - A minimum of 10,000 metres drilling to be reviewed by a geological consulting group of international standard. Definition of a suitable 43-101 / JORC resource that is capable of commercial production.
- Development - Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure
- Early Production - Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months
- Large Scale Production - Subject to a total resource of no less than 150 million tons at 840ppm Mo CGGC will commence large scale production (open pit) by 2016.

About China Guangshou Group Corp

CGGC is a diversified international industrial group engaged in a broad range of operational and investment activities across industries including mining, engineering, construction and real estate (visit www.gsjt.cc for further information). It is a trans-regional and multi-industry group enterprise under the approval of the State Administration of Industry & Commerce

CGGC has accumulated more than 15 years of experience in mining development and investment since the commencement of the mining business in 1994, and has successfully established enterprises and teams in China (Guizhou, Sichuan, Fujian, Guangxi, Yunnan) and overseas (North Korea, Indonesia, Thailand, and Burma).

CGGC is mainly engaged in the exploitation and development of mining of molybdenum, lead zinc, copper, manganese, iron, silver, gold and coal. It possesses over 10 independent corporate bodies, over 40 mining certificates, 6 mines, 3 mineral separation factories and 2 coking factories.