

Quarterly Activity Report

For the period ending 30 September 2010

Victory West Moly Limited (“VWM” or “the Company”) is pleased to provide shareholders with this Quarterly Activities Report for the three (3) months ending 30 September 2010.

Highlights

Malala Molybdenum Project:

- ✧ China Guangshou Group Corp (“CGGC”) to acquire 65% interest in the Malala Molybdenum Project.
 - CGGC to sole funding 100% of all expenditure to take the Project into commercial and Large Scale Production.
 - VWM to retain FREE CARRIED interest of 27.5% in the Project (non-contributing to ‘Large Scale’ production)
 - CGGC are experienced Molybdenum miners with Molybdenum operations in China and North Korea
 - Aggressive 12 month work program planned;
 - Commencement of development works – construction of 20+ kms of roads
 - Extensive drilling and exploration program including construction of 700+ metre exploration (adit) tunnel.
 - Exploration & Feasibility works to determine quickest and most effective route to early production from identified high grade mineralisation.
- ✧ Concession Grants & Extensions;
 - 20 year Production and Operation (Exploitation) IUP licenses for PT Inti Cemerlang and PT Promistis (the most advanced and prospective concessions)
 - 3 year extensions granted for Exploration IUP licenses for the PT Era Moreco and PT Indo Surya Moreco concessions.

USSU Nickel Project:

- ✧ VWM to acquire majority interest (70%) in highly prospective direct ship nickel ore (DSO) Project in South Sulawesi
 - Located in prolific nickel laterite province with several existing major operations nearby including Rio Tinto’s 162Mt project and PT Inco’s Sorowako 161Mt project
 - Potential for low cost and rapid ramp up for dig and ship operation
 - Substantial initial exploration target of 35-45Mt at 1.2% to 1.6% Ni*. Only 40% of project explored = Significant upside through additional exploration
 - Feasibility and Environmental Studies in progress for Production licenses and permits
 - Robust market for DSO Nickel ore and continued strong upward demand for nickel from key asian markets.
 - Due diligence nearing completion

Project Activity Update

Malala Molybdenum Project:

On the 3 September, the Company announced the execution of a memorandum of understanding (“MOU”) that subject to due diligence, Guangshou Group Corp (“CGGC”) was to acquire a 65% interest in the Malala Molybdenum Project.

Subsequent to the quarter end, and following a comprehensive due diligence process by CGGC which included an extensive visit to the Malala Project site on 29 September 2010, the parties executed a binding Memorandum of Agreement (“MOA”) as announced on the 27th October 2010.

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.

Key Milestones

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

Stage	Deliverable
Stage 1: Exploration	<ul style="list-style-type: none">• 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
Stage 2: Construction/Development	<ul style="list-style-type: none">• Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure
Stage 3: Production	<ul style="list-style-type: none">• Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months• 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.

IUP Concessions

As announced on 20 September 2010 the Company was granted 20 year Production and Operation (Exploitation) IUP licenses for its core concessions - PT Inti Cemerlang and PT Promistis. The Production & Operation IUP facilitates the commercial extraction of Molybdenum from the concession areas. In addition, Exploration IUP license extensions have been granted for the PT Era Moreco and PT Indo Surya Moreco concessions.

About China Guangshou Group Co., Ltd

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's enterprises include:

- China (Fujian Region). Molybdenum, lead zinc, gold and silver.
- China (Guizhou Region). Molybdenum, nickel, vanadium, and coal.
- China (Sichuan Region). Lead zinc.
- North Korea. Molybdenum.
- Indonesia. Manganese and coal.
- Thailand. Manganese, and iron ore.

DSO Nickel Laterite Project - Malili East Luwu, Southern Sulawesi

On the 27 August 2010, announced that it had entered into a binding agreement to acquire, subject to due diligence, a majority interest (70%) in a highly prospective nickel laterite project in South Sulawesi, Indonesia.

In summary;

- ✧ The project area covers approximately 1,608 hectares and is located in Malili East Luwu in South Sulawesi and has an initial exploration target of 35-45Mt at 1.2% to 1.6% Ni*.
- ✧ The geology is a typical tropical lateritic nickel deposit containing both limonite (lower Ni, high Fe) and saprolite (higher grade Ni). The area is part of a larger mineralised province containing several significant lateritic nickel deposits and active mines.
- ✧ The concessions area is close to a proposed port site (~3 kms) and historical exploration work indicates potential low stripping ratio with well developed mineralisation at surface.
- ✧ The high grade saprolite horizon will be targeted providing for potential low cost and rapid ramp-up to commercial production and cash flow with significant further upside through additional exploration.
- ✧ Subject to the timely receipt of the required production licenses and permits it is anticipated that the project could move into production by end Q-2011 and provide early cash flows that can fund further exploration and/or expand production.

During the quarter, the Company retained PT GMT Indonesia (GMT) a leading Indonesian geological consulting firm to comprehensively review historical data and undertake a detailed exploration program. GMT undertook a rigorous block modelling and desktop analysis of the historic data and GMT has now mobilised to site and to undertake an initial comprehensive 75 hole drilling program.

VWM is now in the process of finalising its legal and technical due diligence. Terms and conditions of the acquisition are currently being finalised and are expected to be announced early November 2010.

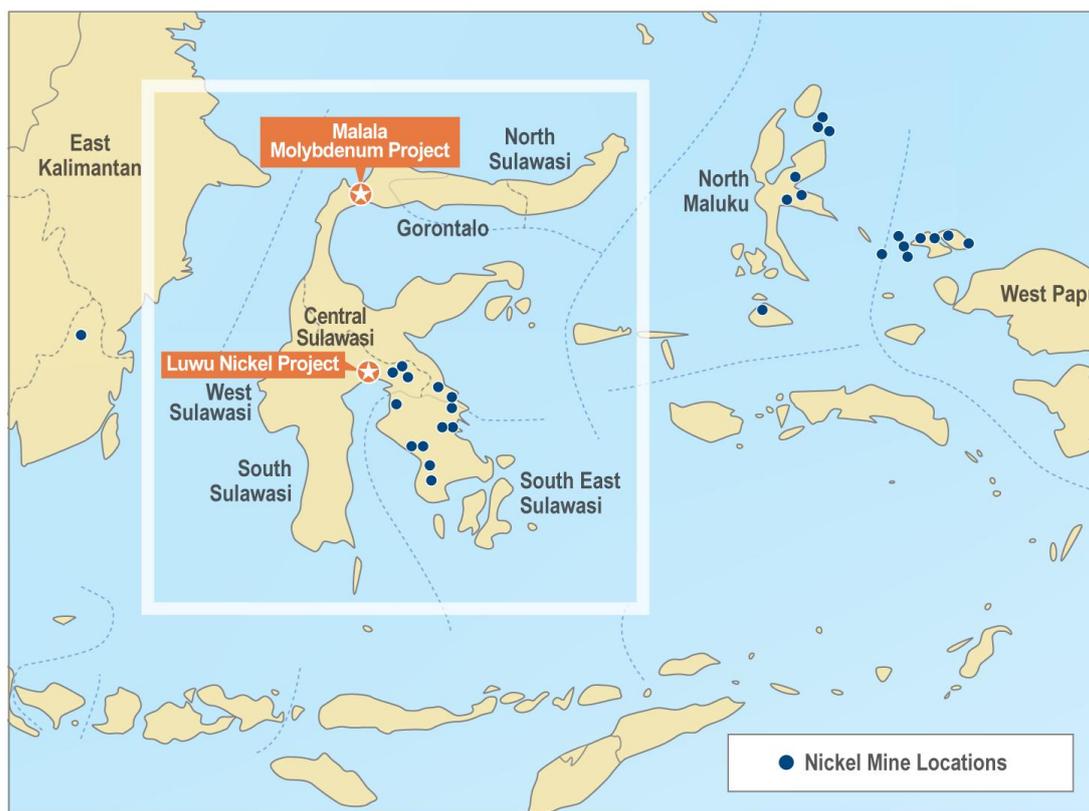


Figure 1: Location map of Luwu Nickel Project and the Company's Cornerstone Malala Molybdenum Project

Corporate

\$1.25 million Placement

On the 6th of September 2010 the Company completed a \$1.25 million placement to sophisticated and professional Investors through the issue of 10,416,666 Ordinary Shares at an issue of \$0.12 (12 cents).

Singaporean Subsidiary

The Company incorporated a new subsidiary – Victory West Moly (Singapore) Pte Ltd on the 6th of August 2010. The new company is wholly owned by Victory West Pty Ltd and will be used as a holding company for several of the soon to be converted Molybdenum PMA companies.

PMA Conversions

The conversion of PT Inti Cemerlang, PT Promistis, PT Era Moreco, PT Semilan Sumber Mas and PT Indo Surya into Indonesia foreign investment companies ("PMA Companies") is now underway. It is anticipated that conversion of PT Inti Cemerlang will be completed by the end of November.

Strengthening of Management Team

In September 2010, the Company appointed Mr. Rohan Erwin to lead the implementation of the USSU Nickel project. Mr Erwin, a mining engineer, has in excess of 20 years management experience in the Mining Industry, including extensive expertise in iron ore, coal and gold among other metals and minerals, both in project development and operations. He has operated within Australia and internationally, holding senior positions with autonomous responsibility.

More recently Mr Erwin has consulted in a range of roles including delivering and implementing new works for Leighton Contracting via New Future Alliance and consulted to Gindalbie Metals Pty Ltd on their \$1.8 billion joint venture Karara Magnetite Project and provided services to that Joint venture in the commencement of mine infrastructure construction.

Yours faithfully



LUKE MARTINO
Company Secretary

*** Notes on Exploration Targets**

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 any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is currently based on historic work.

Competent Persons Statement

The data in this report 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 inclusion in the report of the Exploration Results and/or Mineral Resource and/or Reserve in the form and context in which they appear.

About Victory West Moly Limited

Victory West Moly Ltd is a metals focused resource exploration company listed on the Australian Securities Exchange (ASX code: VWM) 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 currently has two key assets: the highly prospective Malala Molybdenum Project (23,747 ha) located in the Toli Toli regency of North Sulawesi, approximately 12km from a deep water harbour at Malala Bay and is in the process of acquiring a 70% interest in the USSU Nickel Project (1,608 Ha) in South Sulawesi located within a prolific nickel laterite province with several existing major operators nearby including Rio Tinto's 162Mt and PT Inco's Sorowako 161Mt projects.