

# VICTORY WEST METALS LIMITED

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## Quarterly Activity Report For the period ending 31 March 2011

Victory West Metals Limited (“VWM” or “the Company”) is pleased to provide shareholders with this Quarterly Activities Report for the three (3) months ending 31 March 2011.

### Strategic Outlook:

The Company has been reviewing projects in Indonesia for the last few years and has developed strong relationships with a network of local parties that are seeking a strong listed partner, with mining expertise, access to development capital and the Chinese market.

In line with the Company’s vision of finding, proving and extracting value from world-class metals projects, this network now provides Victory West with a pipeline of metals projects which has more recently focused on complementary DSO nickel projects. These opportunities while in various stages of resource delineation and development represent a pipeline that will enable VWM to secure strong Chinese financial and expertise backing.

As part of this strategy, the Company has developed a due diligence methodology that is consistent with the requirements of these funding and investment group. Victory West is currently undertaking preliminary due diligence investigations on two additional nickel projects located within South Sulawesi which have shown early promise.

### Operations Report:

#### Malala Molybdenum Project

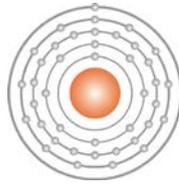
The Malala Molybdenum Project comprises five strategic exploration concessions that are highly prospective for Molybdenum. These are located in the Toli-Toli Regency at the northern tip of the island of Sulawesi in Indonesia and cover a total area of 23,747Ha.

At the end of January, key management from Victory West and Joint Venture Partner China Guangzhou Group Corp (CGGC) 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.

On the 25 February, the Company received US\$500,000 representing the first tranche of the \$1million Commitment Fee from its joint venture partner CGGC as part of their obligations to invest in the Malala Molybdenum Project in North Sulawesi, Indonesia.

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. The Company is working together with various government groups to secure the required executed administrative letters upon which, CGGC will make the second and final \$500,000 payment.

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.



### **New Acquisition - Copper/Gold Project**

Subsequent to the quarter end on 27 January 2011 the Company announced that it had, subject to due diligence secured the rights to acquire via way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi.

The Project is located in a known porphyry province and the geological setting is favorable for the exploration of both porphyry Copper-Gold style mineralization and more discrete zones of higher grade gold mineralization.

Previous exploration at the project area include numerous Dutch exploration Adits, which were excavated early in the 1900's exploiting copper, gold and lead from high grade quartz veins.

The project has three key areas considered to be highly prospective;

- Known gold mineralisation (from Dutch exploration adits)
- Porphyry/ Diatreme Breccia (prospective for copper/gold)
- Numerous additional previously unexplored targets

Significant previous exploration results including:

- 34.20m (141.80-176.00 m) @ 3.05 g/t Au, including: 4.00 m (143.80-147-80 metres) @ 14.70 g/t Au, and 4.00 metres (164.00-168.00) @ 9.14 g/t Au.
- Copper intersections of 4.00m @ 0.48% Cu and 22.00m @ 0.18% commencing at 120.00m depth.
- Dutch workings in the area indicate high gold or copper grades in hydrothermal veins

See announcement dated 27 January 2011 for further information.

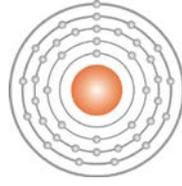
### **USSU Nickel Project**

During the Quarter VWM continued to undertake technical due diligence on the USSU Nickel Project, located in Malili East Luwu in South Sulawesi which included an ongoing drilling program.

The technical review indicated the existence of high grade saprolite nickel ore and broader limonite and saprolite mineralisation. However, it has become clear to Victory West that in order to raise the significant equity funding required for the project, the Company would have to expand on its exploration activities to build a substantial certified resource before committing further investment.

Subsequent to the quarter end, and as a result of this reassessment, Victory West has adopted what it considers to be a prudent course of action in the best interests of all parties by seeking to renegotiate the terms of the current agreement.

It is expected the parties will seek to secure alternative funding from project financiers to develop USSU. The Vendors of PT PUL, will continue to spend their own capital to develop the project and has begun pre-strip and development activities on an area of identified high-grade mineralization. Victory West will continue to assist PT PUL through the provision of technical support at the direction of PT PUL.



## Corporate

During the quarter \$648,000 of convertible loans were converted into ordinary shares (\$0.12 per share). At the end of the quarter \$680,000 of convertible loans remain outstanding.

## ENDS

For further information please contact:

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### \* Notes on Exploration Targets

*In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resource or Ore Reserves have been established on these concessions 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 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.*

### About Victory West

Victory West Metals 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 is building a metals portfolio with its cornerstone project Malala Molybdenum Project in the Toli Toli Province in North Sulawesi and the right to earn a 75% equity interest in a highly prospective copper-gold porphyry project located in South Sulawesi.

For further information on VWM, please visit [www.victorywest.com.au](http://www.victorywest.com.au)