

ASX Announcement

20 November 2013



ASX Code: VKA

VIKING AND AUMINCO TO MERGE

Viking Ashanti Limited (ASX:VKA) announces that it has entered into a binding Heads of Agreement with emerging coal developer Auminco Mines Limited (AUM or Auminco) under which it has agreed to merge with Auminco in a share exchange transaction.

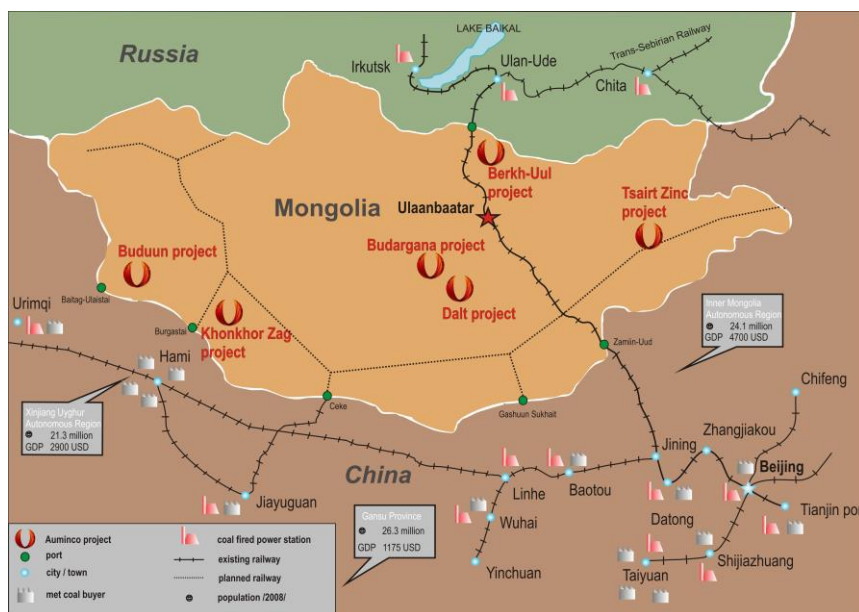
This will be a transforming transaction for VKA allowing it to achieve its strategic objective of acquiring near term production assets with potential to deliver sustainable cash flows for in excess of 15 years with substantial exploration upside.

MERGER HIGHLIGHTS

- Viking will offer to acquire 100% of Auminco by the issue of Viking shares and options
- Auminco shareholders will own 59% and Viking shareholders will own 41% of the combined entity
- Spread of commodity risk – metallurgical coal, gold and zinc
- Spread of geographical risk – Ghana, Mongolia and Australia
- 790,000 oz Inferred gold JORC (2012) resource in Ghana
- Mining licence granted for Mongolian metallurgical coal asset
- Near term high margin production potential from Mongolian coal assets
- Experienced combined management with successful track records
- Unanimous support of both companies' Boards

Viking Chairman, Mr Jack Gardner said: *“Viking is delighted with the proposed acquisition of Auminco and its portfolio of high quality strategically located coal assets in Mongolia, two of which have near term production potential. We welcome the Auminco team members to Viking and look forward to working with them. Their presence and working knowledge in Mongolia will, we believe, enhance shareholder value in the near term. Mongolia is host to vast coal and mineral wealth and has excellent proximity to Chinese and Russian coal off-take markets where steel production continues to grow. The achievement of Auminco in gaining quality assets and mining approvals in Mongolia gives Viking excellent prospects of early production and positive cash flow. Combined with our Ghana gold assets and our management team, this augurs well for successful and sustainable growth of Viking in an otherwise challenging global equities environment for junior players in mining.”*

Auminco Mines Limited Chairman Andrew Whitten said: *“We are excited about the opportunity of working together with the Viking team and developing our combined suite of projects to create value for all our shareholders”.*



Location of Auminco's projects in Mongolia and surrounding infrastructure

MERGER TERMS

Viking proposes to issue Viking shares and options to acquire 100% of the shares and options in Auminco on the basis that Auminco shareholders will hold approximately 59% of the new enlarged capital on an undiluted basis of Viking prior to any future capital raising.

A minimum capital raising of \$4.5 million is planned for the consolidated company in early 2014 to fund operations, with the minimum expected to complete internal production feasibility studies and to make development decisions.

If the acquisition is successful, the issued share capital structure of Viking prior to any future capital raising is expected to be as follows:

Viking shares presently on issue	90,150,580
Viking shares to be issued to Auminco shareholders under the transaction	129,728,883
Total Viking shares on issue following the transaction	219,879,463

Viking will also issue 3,000,000 unlisted Viking options to Auminco optionholders under the transaction (exercisable at \$0.20 on or before 15 November 2016).

MERGER RATIONALE

The Viking board believes that the consolidated company will provide improved shareholder value to both Viking and Auminco through:



- addition of a portfolio of highly prospective coal projects, particularly the advanced Khonkhor Zag (current 30 year Mining Licence) and Berkh Uul projects, that provide the opportunity for short term project development, mining and cash flow;
- diversity across two countries and multiple commodities, allowing for exploration activity and news flow on a year round basis;
- improved access to funding;
- strengthened share register;
- greater market liquidity, and
- broad range of complementary skill sets at Board and management level.

NEW BOARD AND EXECUTIVE MEMBERS

On completion of the merger, Viking will invite three members of the current AUM management team to join the VKA Board.

Mr Andrew Whitten will join the board as Non-Executive Deputy Chairman, Mr Matt Morgan as Managing Director and Mr Bayar Tsagdaa as an Executive Director.

Mr Jack Gardner will remain as Non-Executive Chairman, current Managing Director Mr Peter McMickan will remain as an Executive Director and Mr Mike Langoulant will remain as Company Secretary. Mr Trygve Kroepelien and Mr Mark Newlands will resign from their positions as Non-Executive Directors.

The composition of the Viking board post-merger will be as follows:

Jack Gardner, Chairman - In addition to his role as Chairman of Viking, Jack is a founding and non-executive director of Mincor Resources NL [ASX:MCR]. Privately he is pursuing bauxite, kaolin, uranium, copper and gold exploration projects in West Africa and Australia. From 1993 he consulted to Guinor Gold Corp, for the start-up of its joint venture Lero Heap Leach project in remote Guinea, West Africa, eventually supervising the construction of the LEFA 350,000 oz pa multiple open pit and CIP Plant project. He has also led the negotiations for the successful purchase from the Government of Ghana, of Ghana Manganese Company following which he was appointed as executive Chairman in 1995. In addition to the above he held directorships and senior management positions with Hawker Siddeley, Comsteel Vickers/ANI, Minproc and Broken Hill Metals over his initial 20 year career.



Mr Matt Morgan, Managing Director – Matt was the former Exploration Manager at Coalworks where he was instrumental in acquiring and developing its major coal projects. Matt has extensive exploration and production experience gained with BHP and Rio Tinto, 20 years in coal, gold, antimony and iron ore production and exploration as well as open cut and underground experience with major mining companies. Matt is also a qualified and experienced Geologist, experienced Mining Engineer and Mine Manager.

Mr Andrew Whitten, Deputy Chairman – Andrew has legal and commercial experience in ASX companies, corporate governance and public market transactional work. Andrew has extensive transactional experience in the mining area including acting on transactions with Itochu, Noble Group, Whitehaven Coal and Coalworks.

Mr Peter McMickan, Executive Director - Peter's professional career has spanned over 30 years with a number of major exploration and mining companies including Newmont, Homestake, BP Minerals and Kalgoorlie Consolidated Gold Mines. His more recent experience covers senior management positions in mining, development and exploration projects in multiple commodities throughout Australia, Africa and Europe including re-development of Guinor Gold Corporation's 4 million ounce Lero gold project in Guinea, West Africa. Peter has been Managing Director of Viking since it listed on ASX.

Mr Bayar Tsagdaa, Executive Director - Bayar is a geologist and Mongolian national who now resides in Sydney and who has been an executive director of Auminco since 2009. Bayar is very well connected in Mongolia and has been instrumental in Auminco's project development programs in Mongolia.

MERGER CONDITIONS

The transaction is subject to certain conditions including:

- due diligence by both companies to be completed by 15 December 2013;
- Viking obtaining shareholder approval for the acquisition of the Auminco shares for the purposes of and in accordance with listing rule 11.1.2;
- Auminco obtaining all necessary approvals for the transaction, including the approval of its shareholders (if required);
- obtaining all necessary approvals in Ghana and Mongolia (if any);
- Viking raising not less than \$4.5 million in additional equity capital;
- Viking acquiring 100% of Auminco shares;
- mutual exclusivity obligations through until 15 March 2014; and
- normal conditions for a transaction of this nature such as no adverse change, no prescribed occurrences etc.

Viking will apply to ASX for a determination of the application of listing rules 11.1.2 and 11.1.3 to the acquisition. Viking is intending to seek shareholder approval for the acquisition as Viking anticipates that ASX may exercise its discretion to require this approval under listing rule 11.1.2 as the transaction most likely involves a significant change to the scale of Vikings activities. Viking will prepare and despatch a notice of meeting to Viking shareholders to convene a general meeting of Viking's shareholders in accordance with the indicative timetable set out below to consider and vote on the transaction.

MERGER TRANSACTION STRUCTURE

Viking is investigating whether the transaction can be completed by Viking and Auminco shareholders entering into a share purchase agreement. If it is determined that Viking's acquisition of Auminco could be more expeditiously effected by means of a takeover bid for all shares in Auminco or other alternative method, the parties will consult in good faith to undertake the transaction by that alternative means, provided the commercial terms of the acquisition are preserved.

INDICATIVE TIMETABLE

The indicative timetable for the merger is as follows (subject to change):

Event	Indicative Date
1. VKA announces Merger agreement	20 November 2013
2. Due Diligence period ends	15 December 2013
3. VKA and AUM agree Share Purchase Agreement (SPA) or Viking issues Bidders Statement	Mid - Late December 2013
4. VKA despatches Notice of Meeting seeking shareholder approval for transaction	Mid - Late December 2013
5. If transaction proceeds by way of takeover, takeover offer period opens	Mid - Late December 2013
6. AUM shareholder meeting to approve transaction held (if required)	Early February 2014
7. VKA shareholder meeting held to approve transaction	Early February 2014
8. VKA prospectus for capital raising issued	Early February 2014
9. If transaction proceeds by way of takeover, takeover offer closes	Mid February 2014

Event	Indicative Date
10. VKA prospectus for capital raising closes	Late March 2014
11. Transaction completes	Late March 2014

ADVISERS

Viking is being advised by Emerald Partners and Auminco is being advised by Inteq Limited.

AUMINCO

Auminco is a Mongolian focussed emerging coal producer with high quality strategically located coal and base metals projects. Auminco's Mongolian located projects consist of 5 coal projects and one zinc project. In addition, AUM holds a gold exploration project in Victoria. Auminco's founders include founding shareholders and former management of Coalworks Limited (ASX:CWK) which was taken over by Whitehaven Coal Limited (ASX:WHC) for approximately \$200 million in June 2012.

AUMINCO'S LEAD COAL PROJECT

Auminco's lead asset is the Khonkhor Zag (KZ) metallurgical/anthracite coal project.

The highlights of this project are:

- strategically located within 40km of the Chinese Burgastai Border Port with an existing haul road adjoining and abutting the tenement;
- maiden JORC compliant resource estimate expected in December 2013;
- 42 drill holes completed on tenement;
- previously mined outcropping coal with large scale open cut mining potential;
- potential near term production;
- current mining license granted in April 2013 for 30 years; and
- close proximity to water, infrastructure and transport.

Auminco has recently completed exploration drilling at KZ (September 2013) and is conducting technical studies, to deliver a maiden JORC compliant resource expected by the end of 2013, while undertaking feasibility studies ahead of mine development. During this drill program a bulk sample was excavated and delivered to a large Chinese company across the Mongolian-Chinese border.

KZ is well placed in terms of infrastructure with off-take markets being located within 40kms from a Mongolian – Chinese border port. Therefore AUM will be able to access the adjacent strong growth region in Xinjiang province, China.



Collecting bulk sample from historical open pit, KZ Metallurgical Coal Project

ABOUT MONGOLIA

Mongolia is a landlocked country in East and Central Asia. It is bordered by Russia to the north and China to the south, east and west. Ulaanbaatar, the capital and also the largest city, is home to about 45% of the population of 2.9 million people. Mongolia's political system is a parliamentary republic.



At 1.56 million sq km, Mongolia is the 19th largest and the most sparsely populated independent country in the world. Mongolia is divided into 21 provinces (aimags), which are, in turn, divided into 329 districts (sums). The country contains very little arable land, as much of its area is covered by steppes, with mountains to the north and west and the Gobi Desert to the south. Approximately 30% of the population is nomadic or semi-nomadic.

The predominant religion in Mongolia is Tibetan Buddhism, and the majority of the state's citizens are of Mongol ethnicity, although Kazakhs, Tuvans, and other minorities also live in the country, especially in the west.

The official language of Mongolia is Mongolian, and is spoken by 95% of the population. Russian is the most frequently spoken foreign language in Mongolia, followed by English, although English has been gradually replacing Russian as the second language.

The geography of Mongolia is varied, with the Gobi Desert to the south and with cold and mountainous regions to the north and west. Much of Mongolia consists of steppes, with forested areas comprising 11.2% of the total land area. Most of the country is hot in the summer and extremely cold in the winter, with January averages dropping as low as -30°C .



MONGOLIA'S ECONOMY AND MINING SECTOR

Economic activity in Mongolia has traditionally been based on herding and agriculture, although development of extensive mineral deposits of copper, coal, molybdenum, tin, tungsten, and gold have emerged as a driver of industrial production. Besides mining (21.8% of GDP) and agriculture (16% of GDP), dominant industries in the composition of GDP are wholesale and retail trade and service, transportation and storage, and real estate activities. Mongolia's major trading partner is China.

Recent (2013) amendments to the Strategic Entity Foreign Investment Legislation (SEFIL) has reduced uncertainty for foreign investment through tax stabilisation, relaxation of foreign workforce limitations, removal of restrictions on asset movements, and protection against nationalisation of assets.

Over the past two years Mongolia has experienced record high double digit growth, fuelled by high foreign investment in its burgeoning mining industry. About 80% of 2012 FDI was in the natural resources sector, with the coal industry alone contributing 88% of the country's total export value.

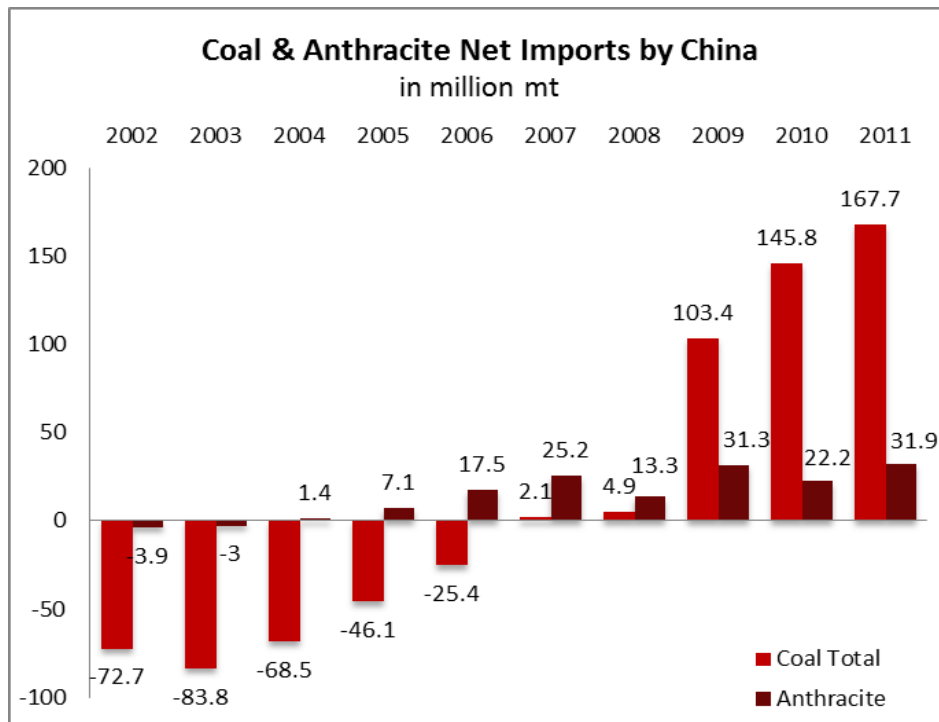
Mongolia has one of the world's largest estimated coal resources of 173 billion tonnes, having produced 31 million tonnes in 2012. Given its proximity to coal hungry China and Russia, Mongolia's coal production is projected to grow at an annual average rate of 17% from 2011 to 2020, eventually reaching 121 million tonnes per year. Most of Mongolia's coal is currently sold to China as the country is land locked. As infrastructure improves in the medium term, Mongolia has the potential to penetrate other markets such as Japan, Korea, India and Europe.

COAL DEMAND IN CHINA

Global coking coal demand is expected to increase ~3.2% annually from 2013 to 2020, with China expected to be the fastest growing region. Anthracite coal, the highest quality coal produced, accounts for <2% of world coal supply. It can be used for power generation, pulverised coal injection (PCI) in steel production, in plastics and fertilizers.

Since 2005, China has become a net importer of coal, including anthracite. In 2011, China imported 168Mt of coal, including 32Mt of anthracite. Demand for metallurgical coal in China is expected to increase as continuing urbanisation drives the demand for metallurgical coal use for required infrastructure.

In Western China the provinces of Xinjiang, Gansu and Inner Mongolia (combined population of 72 million people) border Mongolia, and are expected to require almost half of the 1.3-1.5 billion tonnes of thermal coal needed for proposed coal-fired power plant growth in China.



Source: China Coal Resource Website, Bloomberg



Peter McMickan
Managing Director

Competent Person's Statement: The information in this Public Report that relates to gold Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter McMickan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McMickan is a full time employee of Viking Ashanti Limited. Mr McMickan has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McMickan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements: This document may include forward looking statements. Forward looking statements may include, but are not limited to statements concerning Viking Ashanti Limited's planned exploration programs and other statements that are not historical facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward looking statements. Although Viking Ashanti Limited believes that its expectations reflected in these forward looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward looking statements.



VIKING ASHANTI COMPANY INFORMATION

Directors

Jack Gardner	Non-Executive Chairman
Peter McMickan	Managing Director
Trygve Kroepelien	Non-Executive Director
Mark Newlands	Non-Executive Director

Company Secretary

Michael Langoulant

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