

ASX Announcement

28 January 2014



ASX Code: VKA

Quarterly Report to 31 December 2013

During the three months to 31 December, 2013, Perth-based Viking Ashanti completed a number of reviews of projects and companies which were considered complimentary to the Company's strategic objectives, culminating in the announcement on 20 November 2013 of a proposed merger with unlisted Sydney based emerging coal producer, Auminco Mines Limited. No field activity was undertaken on the Company's Ghanaian gold projects during the period.

1. Auminco Merger

On 20 December 2013 and 6 December 2013, Viking Ashanti announced it had entered into a binding Heads of Agreement with Auminco Mines Limited (AUM or Auminco) under which Viking Ashanti has agreed to merge with Auminco in a share exchange transaction.

The agreement will see Viking Ashanti acquire 100% of the Auminco shares and options by the issue of:

- 81,000,000 Viking Ashanti shares;
- 27,000,000 million unlisted Viking Ashanti options exercisable at A\$0.12 for a term of 30 months from merger completion; and
- 3,000,000 unlisted Viking Ashanti options exercisable at A\$0.20 on or before 15 November 2016.

As a result of the consideration Viking Ashanti shareholders will own 53% and Auminco shareholders 47% of the enlarged post-merger capital on an undiluted basis and prior to any capital raising.

A further capital raising is planned for the consolidated Company early in 2014 to fund operations, with the minimum expected to complete internal production feasibility studies and to make development decisions.

The indicative timetable for completion of the merger, subject to shareholder and regulatory approvals, is March 2014.

The proposed post-merger Board will comprise four members with existing Viking Ashanti Directors, Mr Jack Gardner and Mr Peter McMickan remaining as Chairman and Executive Director respectively. Auminco's Mr Andrew Whitten will join the Board as Non-Executive Deputy Chairman while Mr Matt Morgan will become Managing Director. Mr Bayar Tsagdaa will act as an alternate for Mr Andrew Whitten.

1.1 Merger Highlights

Auminco is a Sydney based emerging coal producer with two high quality strategically located coal projects in Mongolia (Figure 2).

There is near term production potential from the Berkh Uul bituminous coal project, located near the Russian border, rail infrastructure and potential off-take customers.

The Khonkhor Zag anthracitic coal project is located on a granted 30 year mining lease close to China's border with only 1.2 km of the 4 km strike explored by drilling.

Further upside potential exists through Auminco's portfolio of additional coal, base metals and gold projects in Mongolia and Australia (refer to Appendix 1 for list of tenements).

Auminco was founded by the founding shareholders and former management of Coalworks Limited (ASX: CWK) which was taken over by Whitehaven Coal Limited (ASX: WHC) for approx. \$200 million in June 2012. Auminco is more than 50% owned by ex-Coalworks management and advisers.

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

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

On completion, this will be a transforming transaction for Viking Ashanti allowing the Company 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.

1.2 Berkh Uul Coal Project – Mongolia (AUM 100%)

Berkh Uul is located 400 km north of Ulaanbaatar in northern Mongolia within the Orkhon-Selege coal district and within 20km of the Russian border. The project is within 40km of rail access into Russian off-take markets, in close proximity to water, infrastructure and transport.

The exploration permit is valid to 2015, with a Mining Lease application imminent.

The deposit consists of shallow, consistent coal seams of high quality bituminous coal amenable to low strip ratio open pit mining, with expected low capital and operating costs.

There is local industrial demand for Berkh Uul coal; the unwashed product is favoured for its low ash and relatively high calorific value. It is expected that Berkh Uul will move to production within 12 - 18 months.

1.3 Khonkhor Zag Coal project – Mongolia (AUM 100%)

Khonkor Zag is an anthracitic coal project located 1,400 km southwest of Ulaanbaatar in Western Mongolia. It is strategically located within 40km of China's Burgastai border port with an existing haul road adjoining the tenement.

The current mining licence was granted in April 2013 for a period of 30 years.

A total of 42 drill holes over 1.2 strike km have been completed on the tenement, with further drilling planned to increase the deposit size for a JORC resource estimate. This drilling, combined with historical mining on the outcropping coal seams, indicates clear potential for open pit mining.

Excellent scope exists to develop a low cost, high margin premium coal project close to Chinese markets.

2. Exploration

2.1 Akoase Gold Project – Ghana (VKA 100%)

No field activity was undertaken in the quarter. The Company continues to examine options for progressing the 790,000 oz Akoase East gold deposit.

2.2 West Star/Blue River Joint Venture Gold Project – Ghana (VKA 100% hard rock gold rights)

No field activity was undertaken in the quarter.

The West Star and Blue River gold properties are subject to joint venture agreements with local Ghanaian companies, where Viking Ashanti has earned 100% of the rights to all hard rock gold mineralization.

3. Corporate and Administration

A number of Ghanaian located project farm-in and farm-out opportunities were considered during the quarter. None are currently at an advanced stage of consideration. Viking Ashanti will continue to pursue these and any other opportunities, which are complementary to its existing Ghanaian project portfolio.

On 20 December 2013 the Company announced that it had placed 22,537,645 ordinary shares at A\$0.035 each to professional and sophisticated investors.

The placement issue was made in accordance with the Company's placement capacity under ASX Listing Rules 7.1 & 7.1A, and closed oversubscribed, which at the issue price equated to a maximum equity raise of A\$788,818, before costs.

After this issue the total issued capital of the Company is 112,688,225 ordinary shares and 22,683,913 options exercisable at A\$0.18 on or before 31 August 2014.

The proceeds from the placement will be used to fund transaction costs associated with the proposed Auminco merger and for general working capital purposes.

Cash and credit facility reserves at 31 December 2013 were \$898,000.

Peter McMickan
Managing Director

For further information contact:

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Managing Director
Viking Ashanti Ltd
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Competent Persons Statement: The information in this Public Report that relates to 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.

The information in this Public Report that relates to the Exploration Results and Mineral Resources of Auminco Mines Limited is based on information compiled by Mr Matt Morgan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Morgan is a full time employee of Auminco Mines Ltd. Mr Morgan 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Morgan consents to the inclusion in this presentation 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.

Figure 1: Viking Ashanti Gold Project Locations, Southern Ghana

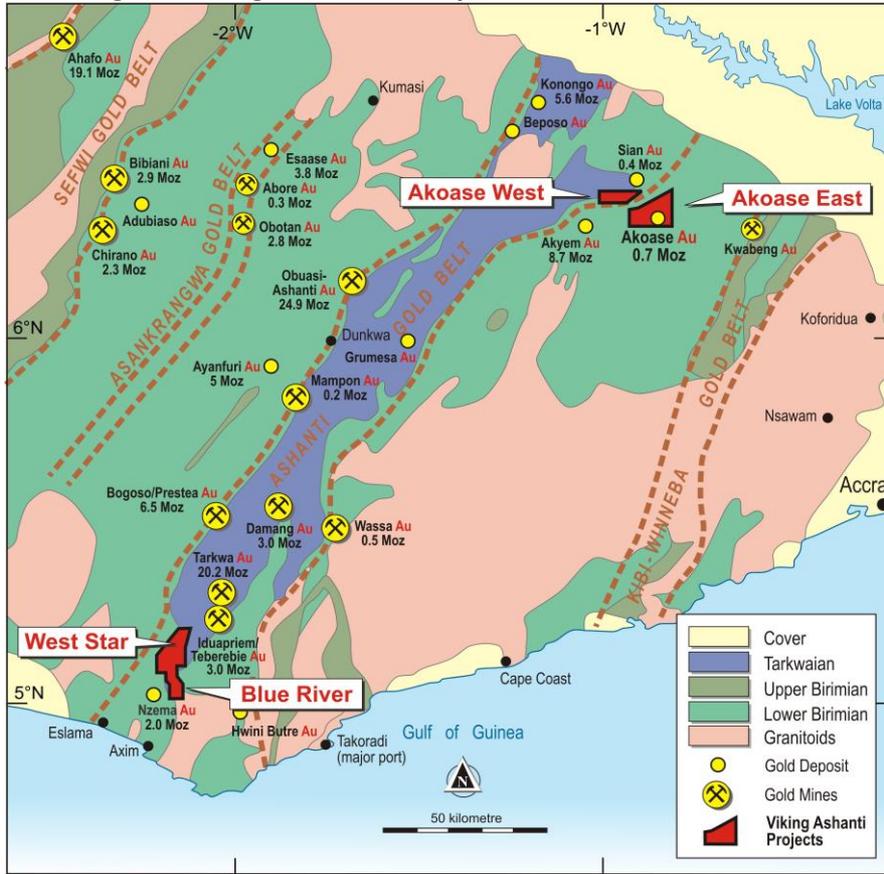
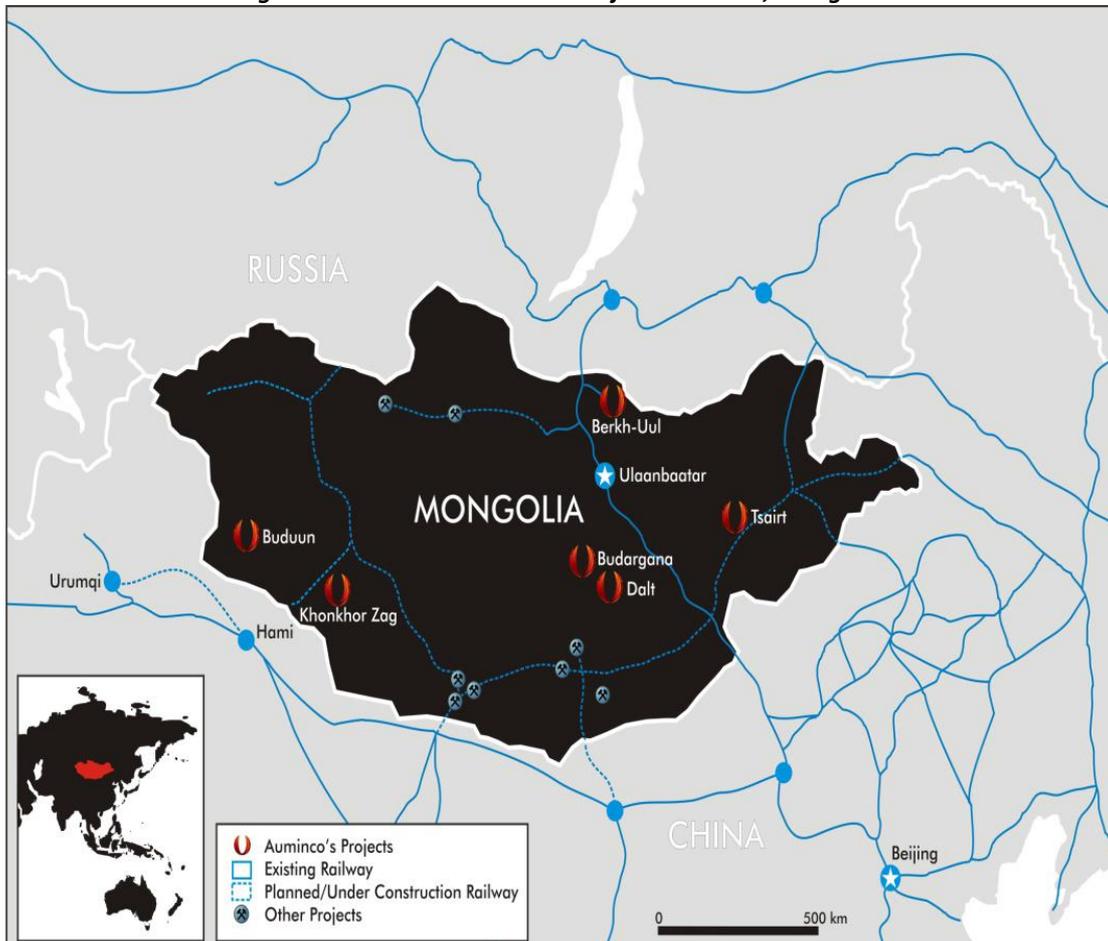


Figure 2: Auminco Mines Coal Project Locations, Mongolia



Appendix 1
Tenements Held at 31 December 2013

Viking Ashanti Ltd

Licence name	Location	Licence type	Licence Holder/ JV Partners	Viking Ashanti Ownership
Akoase West	southern Ghana	Prospecting licence	RAL	100%
Akoase East	southern Ghana	Prospecting licence	RAL	100%
Blue River	southern Ghana	Mining lease	BRMCL/RAL	100% hardrock
West Star(1)	southern Ghana	Prospecting licence	WMCL/RAL	100% hardrock
West Star (2)	southern Ghana	Mining lease	WMCL/RAL	100% hardrock
Akoase South-East	southern Ghana	Prospecting licence	RAL	100%

RAL = Resolute Amansie Ltd a 100% owned subsidiary of Viking Ashanti Ltd

BRMCL = Blue River Mining Company Ltd., WMCL = West Star Mining Company Ltd, both joint venture partners



VIKING ASHANTI COMPANY INFORMATION

Directors

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

Company Secretary

Michael Langoulant

Shareholder Enquiries

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

VIKING ASHANTI LIMITED

ABN

126 200 280

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(79) (101)	(148) (241)
1.3 Dividends received	1	2
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(179)	(387)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	2	2
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	2	2
1.13 Total operating and investing cash flows (carried forward)	(177)	(385)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(177)	(385)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	789	789
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	200	200
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - capital raising costs		
	Other - proceeds received for shares to be issued		
	Net financing cash flows	989	989
	Net increase (decrease) in cash held	812	604
1.20	Cash at beginning of quarter/year to date	36	244
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	848	848

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	28
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	250	200
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	523	36
5.2 Deposits at call	325	
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	848	36

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases			
7.3	+Ordinary securities	112,688,225	112,688,225	
7.4	Changes during quarter (a) Increases through issues (b) Decreases	22,537,645	22,537,645	\$0.035
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases			
7.7	Options <i>(description and conversion factor)</i>	22,683,913	-	<i>Exercise price</i> \$0.18 <i>Expiry date</i> 31/08/2014
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 28 January 2014

Print name: Michael Langoulant

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.