



# ASX Announcement

29 October 2014

---

ASX Code: VKA

## Quarterly Report for the period ended 30 September 2014

---

### Summary

During the three months to 30 September, 2014, Perth-based Viking Mines Ltd (Viking or the Company) completed its off market takeover of emerging coal producer, Auminco Mines Limited (Auminco).

A further two Memoranda of Understandings (MOU's) (making a total to four MOU's) were signed by Auminco with Mongolian government entities for potential coal supply from the Berkh Uul project, the latest with Khutul cement and Lime Plant, Mongolia's largest cement manufacturer.

An Exclusivity Agreement was signed with Akroma Gold Co Ltd, owner of the neighbouring Sian gold project, to allow Akroma to mature discussions with Viking in relation to the Akoase gold project in Ghana.

In August 2014 the Company issued a prospectus to fund exploration of both its Ghanaian and Mongolian projects. At the date of this report \$2.1 million has been raised by the issue of 55,285,849 shares at an issue price of \$0.038, together with a free option exercisable at \$0.09 at any time before 30 April 2017, for every 4 shares subscribed for. Subscriptions for a further \$76,000 require shareholder approval which will be sought at the forthcoming AGM.

An environmental baseline study was commenced on the Berkh Uul coal project during the quarter.

### 1. Auminco Merger

During the quarter the Company issued a prospectus for the issue of Shares at an issue price of \$0.038 per share, together with a free option exercisable at \$0.09 at any time before 30 April 2017, for every 4 shares subscribed for. Upon reaching the minimum subscription level of \$2.09 million Viking announced that its takeover of Auminco Mines Limited was unconditional. At this point Viking had received acceptances from 97.93% of Auminco shareholders and Viking has since compulsory acquired the remaining Auminco shares.

#### 1.1 Merger Highlights

Auminco is an emerging coal producer with two high quality strategically located coal projects in Mongolia (Figure 1).

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.



## **1.2 Berkh Uul Coal Project – Mongolia (Auminco 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 deposit consists of shallow, consistent coal seams of high quality bituminous coal amenable to open pit mining.

Auminco's discussions have confirmed a local industrial demand for unwashed Berkh Uul coal, due to its low ash and relatively high calorific value. This has been evidenced during the quarter by the signing of a further two non-binding Memorandum of Understandings (MOU) during the quarter. Four MOU's have now been signed with the following government entities:

- Darkhan Thermal Power Plant - a major supplier of electricity to Mongolia's second largest city, the commercial and industrial centre of Darkhan, and the northern region of Mongolia. This plant is being upgraded with coal consumption to increase from approximately 400,000t per year to approximately 600,000t per year
- Erdenet Power Plant - a major supplier of electricity to the Erdenet copper mine, located 180km west of Darkhan City. The plant consumes approximately 250,000t of coal per year
- Darkhan Metallurgical Plant - located close to Darkhan City, it is expanding its current 100,000 tpa steel milling capacity. This expansion is due for completion in 2015.
- Khutul Cement and Lime Plant, Mongolia's largest cement manufacturer, located approximately 60km west of Darkhan City, has plans to expand its coal consumption from the current 250,000 t per year to around 400,000t to 500,000 t per year to meet growing domestic demand for its cement products.

The MOU's, signed with Auminco's Mongolian subsidiary BRX LLC state the government entities intent to enter into future purchase agreements for Berkh Uul project coal, and establishes testing of a bulk sample as a basis for technical evaluation of the coal.

The Berkh Uul deposit has a JORC (2012) coal resource of 38.3 Mt. Of this, 21.4Mt is classified as Indicated and 16.9Mt classified as Inferred. The coal is bituminous in rank (ASTM classification) with average in situ quality as follows: Total Moisture 19.8%, Calorific Value 5,323 kcal/kg (air dried basis, adb), Ash 15.5% (adb), and Total Sulphur 0.37% (adb).

## **2. Akoase Gold Project**

During the quarter the Company entered into a three month Exclusivity Agreement with Ghanaian company Akroma Gold Co. Ltd (Akroma) in relation to Viking's 100% owned Akoase gold project in southern Ghana. The Exclusivity Agreement has been extended by 30 days to allow existing discussions with Akroma to mature.

Akroma is the owner of the neighbouring Sian gold project, approximately 12 km northwest of Akoase. Sian has historically reported an NI 43-101 Indicated and Inferred resource of 396,000 ounces. In July 2013 TSX listed Midlands Minerals (MEX.TSX-V) sold their 65% interest in the Sian gold project for a cash price equivalent to US\$13.20/oz.



The Akoase gold project has a JORC (2012) Inferred resource of 790,000 ounces of contained gold and is located 150km north of Accra, and 25km from Newmont's Akyem gold mine, on the margins of the Ashanti Gold Belt, one of the most prolific gold bearing provinces in the world (Figure 2).

## **Exploration**

### ***3.1 Berkh Uul Coal Project – Mongolia (VKA 100%)***

A Mongolian consultancy group has been engaged to commence environmental baseline studies on the Berkh Uul coal project. The baseline study is a significant and required component of the application process for a mining licence for Berkh Uul.

The baseline survey will involve collection of information on regional and local environmental aspects including air quality, water studies, flora and fauna biodiversity, landscape, noise and dust, plus social aspects including land utilization, socio-economic conditions, cultural heritage and a survey of local inhabitants.

### ***3.2 Akoase Gold Project – Ghana (VKA 100%)***

No field activity was undertaken at Akoase in the quarter.

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



Peter McMickan  
Managing Director

For further information contact:

Peter McMickan  
Managing Director  
Viking Mines Ltd  
[p.mcmickan@vikingmines.com](mailto:p.mcmickan@vikingmines.com)  
mobile: 0401 476 266

**JORC Compliance:**

The information in this report concerning the Mineral Resources at Berk Uul was originally reported in Viking's announcement to the ASX entitled "New 38.3Mt resource for Merger Company's Mongolian coal project" dated 17 March, 2014.

Viking confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report concerning the Mineral Resources at Akoase was originally reported on 4 October 2013. Viking confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Viking confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**Forward Looking Statements:**

This document may include forward looking statements. Forward looking statements may include, but are not limited to statements concerning Viking Mines 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 Mines Project Locations, Mongolia

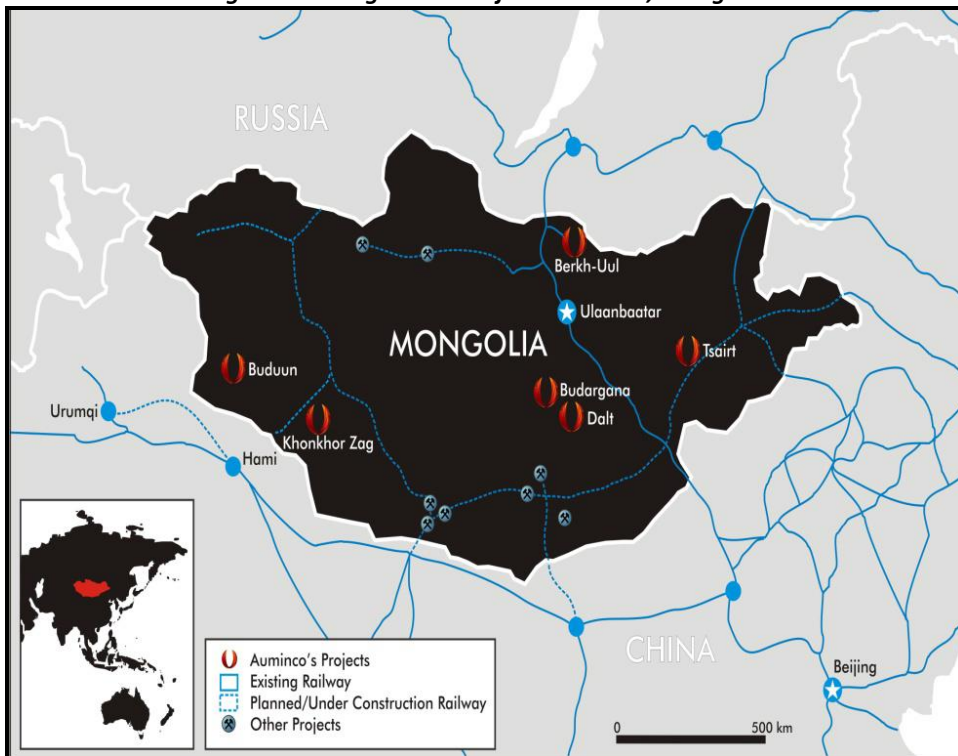
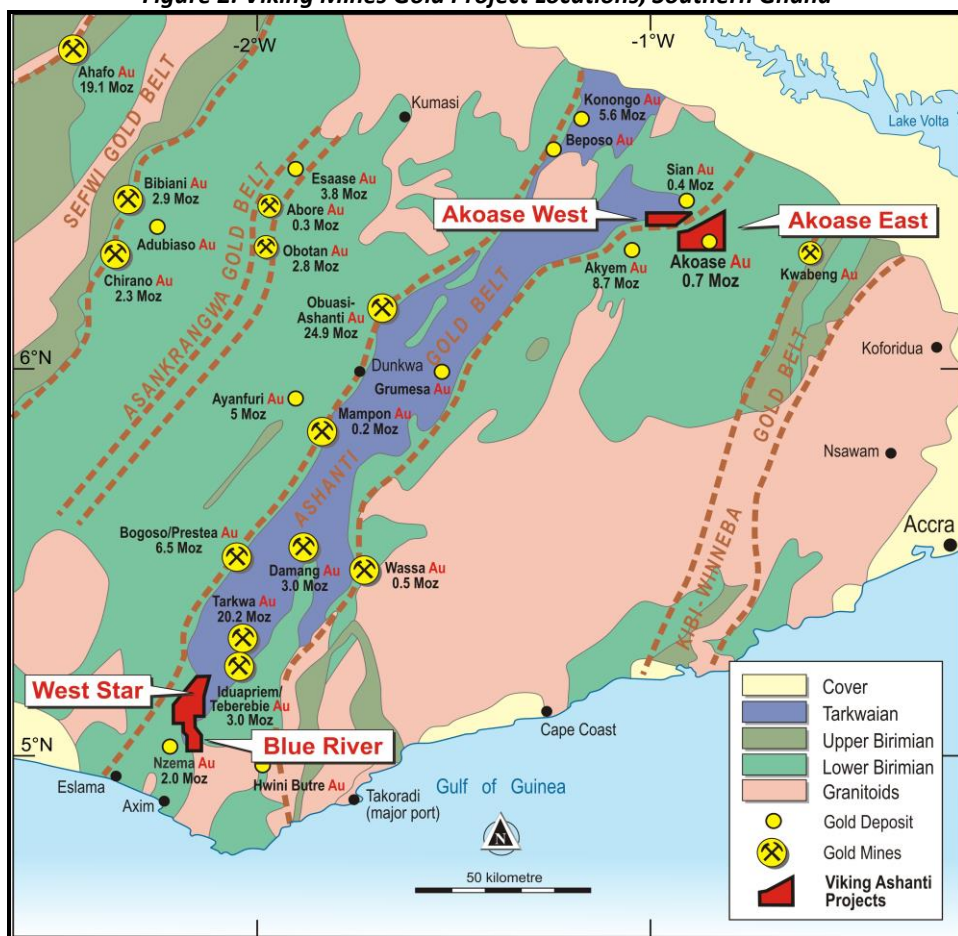


Figure 2: Viking Mines Gold Project Locations, Southern Ghana





**Appendix 1  
Tenements Held at 30 September 2014**

**Ghana**

Licence name	Location	Licence type	Licence Holder/ JV Partners*	Viking Mines 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 Mines Ltd

BRMCL = Blue River Mining Company Ltd., WMCL = West Star Mining Company Ltd, both joint venture partners in the West Star/Blue River gold projects

**Mongolia**

Licence name	Location	Licence type	Licence Holder/JV Partners*	Viking Mines ownership
<b>Berkh Uul</b>	Selenge province, Mongolia	Exploration licence	BRX LLC	100%
<b>Budargana</b>	Dundgovi province, Mongolia	Exploration licence	BRX LLC	100%
<b>Buduun 1</b>	Khovd province, Mongolia	Exploration licence	BRX LLC	100%
<b>Buduun 2</b>	Khovd province, Mongolia	Exploration licence	BRX LLC	100%
<b>Khonkhor Zag</b>	Govi Altai province, Mongolia	Mining lease	Salkhit Altai LLC	100%
<b>Tsairt</b>	Sukhbaatar province, Mongolia	Exploration licence	Boshigt Khairkhan LLC	80%

\* BRX LLC, Auminco Coal LLC and Salkhit Altai LLC are 100% owned subsidiaries of Viking Mines Ltd. Boshigt Khairkhan LLC is a 20% joint venture partner with Auminco Coal LLC in the Tsairt zinc project.

# 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")

30 September 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	103	103
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(51)	(51)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(23)	(23)
1.6 Income taxes paid		
1.7 Other cash acquired on takeover	100	100
<b>Net Operating Cash Flows</b>	<b>56</b>	<b>56</b>
<b>Cash flows related to investing activities</b>		
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		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	56	56

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	56	56
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,194	1,194
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	50	50
1.17	Repayment of borrowings	(350)	(350)
1.18	Dividends paid		
1.19	Other - capital raising costs		
	Other – shares to be issued	182	182
	<b>Net financing cash flows</b>	<b>1,076</b>	<b>1,076</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,132</b>	<b>1,132</b>
1.20	Cash at beginning of quarter/year to date	33	33
1.21	Exchange rate adjustments to item 1.20	1	1
1.22	<b>Cash at end of quarter</b>	<b>1,166</b>	<b>1,166</b>

**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	17
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	400	350
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	150
<b>Total</b>	<b>250</b>

### 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	170	33
5.2 Deposits at call	996	
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,166</b>	<b>33</b>

### 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases				
7.3 <b>+Ordinary securities</b>	140,100,633	140,100,633		
7.4 Changes during quarter (a) Increases through issues (b) Decreases	139 31,412,269	139 31,412,269	\$0.18 \$0.038	\$0.18 \$0.038
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,853,072	-	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	7,853,072	-	\$0.09	30 April 2017
7.9 Exercised during quarter	139	-	\$0.18	31/08/2014
7.10 Expired during quarter	22,683,774	-	\$0.18	31/08/2014
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 October 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.

== == == == ==

---

+ See chapter 19 for defined terms.