



ASX Announcement

31 January 2017

ASX Code: VKA

Quarterly Report for the period ended 31 December 2016

During the quarter ended 31 December, 2016, Perth-based Viking Mines Ltd (Viking or the Company) activity was focussed on concluding the acquisition of technology metals projects in Thailand, and reviewing new mining project opportunities, while progressing Government approval of the sale agreement for the Akoase gold project in Ghana.

1. Thailand Technology Metals Acquisition

On 18 November 2016 Viking announced that it has executed a Share Sale and Purchase Agreement (SPA) to acquire 100% of Argo Metals Group Limited (Argo) via a share based transaction. Argo holds a 75% interest in the Reung Kiet lithium project located in southern Thailand.

The SPA includes an option to acquire West Mandalay Exploration Pty Ltd's (WMX) rights to earn a 75% interest in the Khao Soon tungsten project, also located in southern Thailand.

The Argo acquisition facilitates Viking's entry into technology based metals with downstream processing opportunities. Viking's initial discussions with the Thai Government indicates a high level of governmental support for downstream processing projects.

This transaction is subject to shareholder approval. Notice of meeting documents are being prepared and will be dispatched to shareholders shortly.

Upon completion the Argo Principals will become full time employees of Viking with Paul Lock to be appointed an Executive Director of Viking, while geologist, David Hobby, will be appointed Country Manager, Thailand.

1.1 Reung Kiet Lithium Project, Thailand (VKA 75% on grant of licenses)

During the December 2016 quarter the Company continued the application process for the three Reung Kiet prospecting licenses. This application process is well advanced.

While the license application process is underway the Company is permitted to conduct non ground disturbing activities. As a result the Company has conducted orientation soil sampling, rock chip sampling, and drill planning activities. The Company has also been conducting community liaison activities and is well positioned to commence drilling upon the grant of its prospecting licenses.



The data obtained during the soil and rock chip sampling programs is currently being reviewed. The Company expects to release these results in February once assays are received.

1.2 Khao Soon Tungsten Project, Thailand (VKA option to earn 75%)

During the December 2016 quarter the Company conducted reconnaissance activities on granted prospecting licenses at Khao Soon.

Activities included traversing several prospects to assess potential drill sites, observe geology, old workings and sample as appropriate. This work identified numerous mineralised outcrops which are generally co-incident with large areas of highly elevated WO_3 in soils and rock chips, as identified by previous explorers. The data obtained during this program is currently being processed and the Company expects to release these results in February.

The Company is in final discussions with drilling contractors and will seek to engage as soon as possible. Drilling rigs will then mobilise to Khao Soon as soon as practicable where a short diamond drilling program will be conducted to test several areas of WO_3 anomalism at the Rabbit prospect. The Company has chosen this strategy as it ensures that drilling equipment is secured and ready for transfer to Reung Kiet immediately upon grant of the lithium prospecting licenses.

2. Akoase Gold Project (Ghana, VKA 100% - reducing to 0% upon completion of sale)

During the December 2016 quarter the Company continued to make significant progress in obtaining the necessary government approvals to transfer the Akoase tenements to Akoase Resources Limited (ARL) such that it can complete the US\$10 million sale of these tenements.

The necessary government approvals, including Ministerial consent, for transfer of the Akoase tenements to purchaser ARL have been received from the Ghana Minerals Commission. Viking's Ghanaian lawyers have confirmed that all Conditions Precedent have been satisfied to allow the Akoase sale to complete.

Under the terms of the Akoase Sale Agreement, ARL had 5 business days from Viking satisfying all Conditions Precedent to make the final cash payment of USD 6 million to Viking. This did not occur and a Notice of Default will be issued to ARL forthwith.

Non-payment of this amount may void the sale transaction and the Akoase project ownership would then remain with Viking. In this event there is no obligation upon Viking to refund any portion of the US\$2 million deposit already paid by ARL.

Akoase Sale Transaction Details

In June 2015 Viking announced the sale of the Akoase gold project for total sales consideration of US\$10 million to be received as follows:

- US\$2,000,000 – received by Viking
- US\$6,000,000 to be paid in cash within 5 days after all Conditions Precedent have been satisfied.



- US\$ 2,000,000 to be paid in cash as a gold production royalty

3. Berkh Uul Coal Project (Mongolia, VKA 100%)

No on-ground activity on the project during the quarter.

The Berkh Uul financial model presentation outlining the potential benefits of a mining project to the regional and State economy was lodged during a meeting with the senior advisory group within the Ministry for Mines and Heavy Industry (MMHI) in November 2016.

Viking has received informal advice that all proposals relating to changes to boundaries of protected areas affecting mineral licenses, introduced under Long Name Law in 2010, will be considered by MMHI immediately after the Lunar New Year holiday period which ends in mid-February.

4. Khonkhor Zag Coal Project (Mongolia, VKA 100%)

No on-ground work was undertaken on the project during the quarter. Joint venture partners are currently being sought to assist with development of the project.

5. Corporate

On 25 November 2016 Viking announced that it had completed a Placement to raise \$1.27 million via a Placement to professional and sophisticated investors through the issue of 62.7 million new shares at 2.02 cents per share. Leading Perth based broker DJ Carmichael Limited acted as Lead Manager to the Placement and has accepted a mandate to be the Company's corporate adviser for the next 12 months. Funds raised pursuant to the Placement will be used primarily to accelerate exploration of the Company's newly acquired lithium project located in Thailand.

Jack Gardner
Executive Chairman

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Competent Persons 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 Mines 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 technology metals Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Hobby, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hobby is a full time employee of Argo Metals Group Limited. Mr Hobby 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 Hobby 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.



About the Reung Kiet Lithium Project

The Reung Kiet Lithium Project (the 'RK Project') is located 60km north of Phuket in southern Thailand and comprises three contiguous prospecting license applications in the final stages of approval, being SPLA1, SPLA2 and SPLA3 (the 'RK Applications'). The RK Applications cover an area of ~44km² and have been applied for by Siam Industrial Metals Co. Ltd. (SIM), a single purpose Thai entity in which Argo holds 75% of the issued shares and Argo's joint venture partner, Sydney based Thai Goldfields NL, holds 25%.

The RK Project is a brownfields project and exhibits several outcropping lepidolite rich pegmatites located along strike from historical open cut mines. The two key pegmatite trends are over 4km long. The historical mines sit within two +1.0km long lepidolite pegmatite trends. These are the Reung Kiet and Bang I Tum pegmatites. Mapping suggests that these pegmatites extend by 1-2km. Both the lepidolite pegmatites and the trend in which they sit are amongst the longest in the lithium peer group. Rock-chip samples collected by Argo and Viking averaged 1.46% Li₂O, with a peak of 1.98% Li₂O; these grades sit at the higher end of the Li₂O peer group. Significant levels of Ta₂O₅ (average 238ppm) and Sn (average 0.08%) were also present in the above samples. Historical metallurgy yielded a 3.5% Li₂O concentrate with 80% recoveries. Readers are advised to refer to the 18 November 2016 ASX announcement "Viking Acquires Lithium and Tungsten Projects in Thailand" for further information.

About the Khao Soon Tungsten Project

The Khao Soon Tungsten Project (the 'KS Project'), is a highly prospective tungsten exploration project located in southern Thailand approximately 135km east of Phuket. The project is centred on the old Khao Soon mine, which was a significant historical high grade tungsten producer. Mine production to 1979 is estimated at 0.5Mt @ 2.2% WO₃.

Australian based company Thai Goldfields NL (TGF) has been exploring the project area since 2006 and has a contiguous block of four granted prospecting licenses and two prospecting license applications covering approximately 73km². Historic tungsten workings are located on the area of the yet to be granted SPLA1 tenement.

On the granted licenses several high tenor soil anomalies at 0.05% WO₃ have been identified, each trending over 1km in length with spot highs up to 0.6% WO₃ and contiguous zones of >0.1% WO₃ in soils. Prospectivity is enhanced by the presence of old workings, observed mineralisation and results from rock chip sampling. Readers are advised to refer to the 18 November 2016 ASX announcement "Viking Acquires Lithium and Tungsten Projects in Thailand" for further information.

About the Akoase Gold Project

The Akoase Project is an advanced exploration gold project located approximately 125km northwest of Accra in Ghana. The Project comprises the Akoase East (JORC (2012) classified Inferred resource of 790,000 ounces), Akoase South-East and Akoase West licenses. Akoase is 25km from Newmont's 8 million ounce Akyem Gold Mine, on the margins of the Ashanti Gold Belt, one of the most prolific gold bearing provinces in the world (Figure 2).

The information in this report concerning the Mineral Resources of Viking Mines is extracted from the report entitled "12% Increase to 790,000 oz in Gold Resource for Ghana Project" created on 4 October



2013 and is available to view on Viking Mines website at www.vikingmines.com. Viking Mines 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 Mines 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.

About the Berkh Uul Coal Project

Berkh Uul is located 400 km north of Ulaanbaatar in north-eastern Mongolia within the Orkhon-Selenge coal district and within 20km of the Russian border (Figures 1 and 3). The project is within 40km of rail access into Russian off-take markets, in close proximity to water, infrastructure and transport.

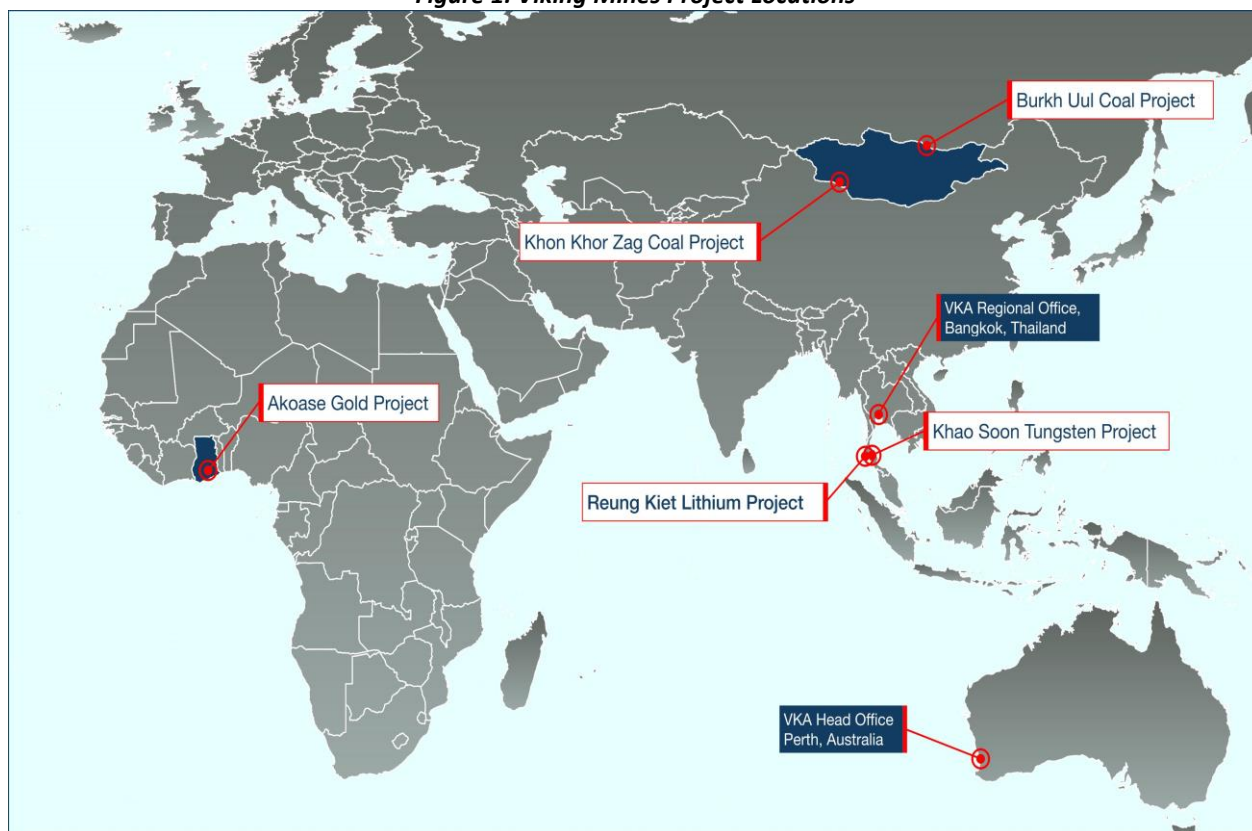
The deposit consists of shallow, consistent coal seams of high quality bituminous coal amenable to low strip ratio open pit mining.

Discussions with nearby cement works and power stations confirm a local industrial demand for unwashed Berkh Uul coal, due to its low ash and relatively high calorific value. To date four Memoranda of Understanding for the supply of coal from Berkh Uul have been signed with local industrial end-users.

On 17 March, 2014, Viking announced a new Indicated and Inferred coal resource estimate, classified in accordance with the JORC (2012) Code, for the Berkh Uul coal project. The resource estimate was completed by consultancy group, RungePincockMinarco Ltd, and totals 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).

The information in this Report concerning the Berkh Uul Mineral Resource is extracted from Viking's announcement to the ASX entitled "New 38.3Mt resource for Merger Company's Mongolian coal project" dated 17 March, 2014, and is available to view on Viking's website at www.vikingmines.com. 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.

Figure 1: Viking Mines Project Locations





**Appendix 1
Tenements Held at 31 December 2016**

Ghana

License name	Location	License type	License Holder/ JV Partners*	Viking Mines Ownership
Akoase West	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
Akoase East	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
West Star*	southern Ghana	Mining lease	WMCL/RAL	100% hardrock
Akoase South-East	southern Ghana	Prospecting license	RAL	100%(reducing to zero% upon sale completion)
Tumentu	Southern Ghana	Prospecting license application	RAL	100%

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

WMCL = West Star Mining Company Ltd, joint venture partner in the West Star gold project

* subject to rescindment/renewal dispute with Minerals Commission

Mongolia

License name	Location	License type	License Holder/JV Partners*	Viking Mines ownership
Berkh Uul	Selenge province, Mongolia	Exploration license	BRX LLC	100%
Khonkhor Zag	Govi Altai province, Mongolia	Mining lease	Salkhit Altai LLC	100%

* BRX LLC and Salkhit Altai LLC are 100% owned subsidiaries of Viking Mines Ltd.

Thailand

License name	Location	License type	License Holder/JV Partners*+	Viking Mines ownership
Reung Kiet JSPL1	Southern Thailand	Prospecting license application	Siam Industrial Metals Co Ltd	75%
Reung Kiet JSPL2	Southern Thailand	Prospecting license application	Siam Industrial Metals Co Ltd	75%
Reung Kiet JSPL3	Southern Thailand	Prospecting license application	Siam Industrial Metals Co Ltd	75%
Khao Soon TSPL1	Southern Thailand	Prospecting license application	Thai Mineral Ventures Co Ltd	Option to earn 75%
Khao Soon TSPL2	Southern Thailand	Prospecting license application	Thai Mineral Ventures Co Ltd	Option to earn 75%
Khao Soon TSPL3	Southern Thailand	Prospecting license	Thai Mineral Ventures Co Ltd	Option to earn 75%



License name	Location	License type	License Holder/JV Partners*+	Viking Mines ownership
Khao Soon TSPL4	Southern Thailand	Prospecting license	Thai Mineral Ventures Co Ltd	Option to earn 75%
Khao Soon TSPL5	Southern Thailand	Prospecting license	Thai Mineral Ventures Co Ltd	Option to earn 75%
Khao Soon TSPL6	Southern Thailand	Prospecting license	Thai Mineral Ventures Co Ltd	Option to earn 75%

*Viking Mines Ltd has an option to acquire West Mandalay Exploration Pty Ltd's rights to earn a 75% interest in the Khao Soon licenses and license applications held by Thai Mineral Ventures.

+Viking Mines Ltd has entered into an agreement to acquire 100% of Argo Metals Group Limited (Argo). Argo holds a 75% interest in the Reung Kiet license applications held by Siam Industrial Metals.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

VIKING MINES LIMITED

ABN

38 126 200 280

Quarter ended ("current quarter")

December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(47)	(137)
(b) development		
(c) production		
(d) staff costs	(77)	(114)
(e) administration and corporate costs	(113)	(241)
1.3 Dividends received		
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(234)	(485)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(10)
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		(158)
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received		
2.5 Other – costs re projects to be acquired	(265)	(265)
2.6 Net cash from / (used in) investing activities	(275)	(433)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,267	1,267
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(76)	(76)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1,191	1,191

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	851	1,306
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(234)	(485)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(275)	(433)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,191	1,191
4.5	Effect of movement in exchange rates on cash held	25	(21)
4.6	Cash and cash equivalents at end of period	1,558	1,558

5.	Reconciliation of cash and cash equivalents at the end of the quarter to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	350	390
5.2	Call deposits	1,208	461
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter	1,558	851

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

77

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	
9.3 Production	
9.4 Staff costs	55
9.5 Administration and corporate costs	75
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	330

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 January 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.