



ASX Announcement

21 January 2016

ASX Code: VKA

Quarterly Report for the period ended 31 December 2015

During the three months to 31 December, 2015, Perth-based Viking Mines Ltd (Viking or the Company) activity was focussed on concluding the sale agreement for the Akoase gold project in Ghana to Akoase Resources Limited.

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

On 1 June 2015 the Company announced that it had executed a sale contract for its Akoase Gold Project for an overall transaction value of US\$10 million. The purchaser, Akoase Resources Limited (ARL) is owned by the Chinese party that controls Akroma Gold Limited, the owner of the Sian gold project located 12kms from Akoase.

During the quarter ARL commenced making payments to honour its contractual obligation to pay a non-refundable deposit amount of US\$2,000,000 as required under the sale and purchase agreement for the Akoase Gold Project in Ghana, West Africa (**Sale Agreement**).

To date ARL has paid Viking US\$1,670,000 of the required non-refundable deposit amount. Within the constraints of the recent Chinese central Bank restrictions, Viking and ARL have negotiated a payment schedule such that the balance of US\$330,000 will be paid to Viking within as short a period as possible.

Notwithstanding the above and in accordance with the Sale Agreement Viking has confirmed to ARL that it remains in default under the Sale Agreement until such time as the full non-refundable deposit has been paid.

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\$1,670,000 - received by Viking
- US\$330,000 now due
- US\$6,000,000 to be paid in cash within 5 days after all conditions precedent have been satisfied. The only remaining conditions relate to Viking obtaining the requisite Ghanaian Minerals Commission and government approvals. This process is expected to take approximately 3 months from lodgement of the necessary documents to obtain the Minister of Mines approval to the transfer of the Akoase licences to ARL. Viking has commenced



preparation of these documents which will be lodged with the Minerals Commission during the March quarter.

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

2. West Star/Blue River Gold Project (Ghana, VKA 100% hard rock)

Preparatory work continues for a planned reconnaissance drill program testing a strong gold in soil anomaly located adjacent to the Salman shear zone in the northern part of the West Star prospecting licence.

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

No on-ground work was undertaken on the project during the quarter.

As previously reported, the Mongolian Government has been in the process of reviewing and amending the Law on Prohibiting Mineral Exploration and Extraction Near Water Sources, Protected Areas and Forests (commonly referred to as the “Long Name Law”). Following recent announcements, including a Government Resolution that licence areas in headwater zones and river basins are to be annexed and revoked, the Company has been advised by the Ministry of Tourism, Green Development and Environment that approximately 53% of the Berkh Uul prospecting licence falls within a headwaters of rivers zone. This government determination impacts upon the Company’s current coal resource and Viking continues to engage in discussions on this matter with the Mineral Resource Authority of Mongolia (MRAM) and the Ministry of Tourism, Green Development and Environment.

MRAM and the Ministry of Tourism, Green Development and Environment have indicated they are prepared to review the Long Name Law zone boundaries at Berkh Uul on receipt of a formal written submission. This submission is in preparation and will be lodged next quarter with MRAM.

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

No on-ground work was undertaken on the project during the quarter.

5. Corporate

A number of project farm-in/acquisition 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 and consistent with its core objective to acquire near term production assets with potential to deliver sustainable cash flow.

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 coal Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Lorge, who is a Member of the Society of Mining, Metallurgy, and Exploration Inc. (SME) and a Fellow of the Society of Economic Geologists (SEG). Mr Lorge is a full time employee of RSC Consultants. Mr Lorge 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 Lorge 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 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.

About the Akoase Gold Project

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).

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.

Figure 1: Viking Mines Project Locations, Mongolia

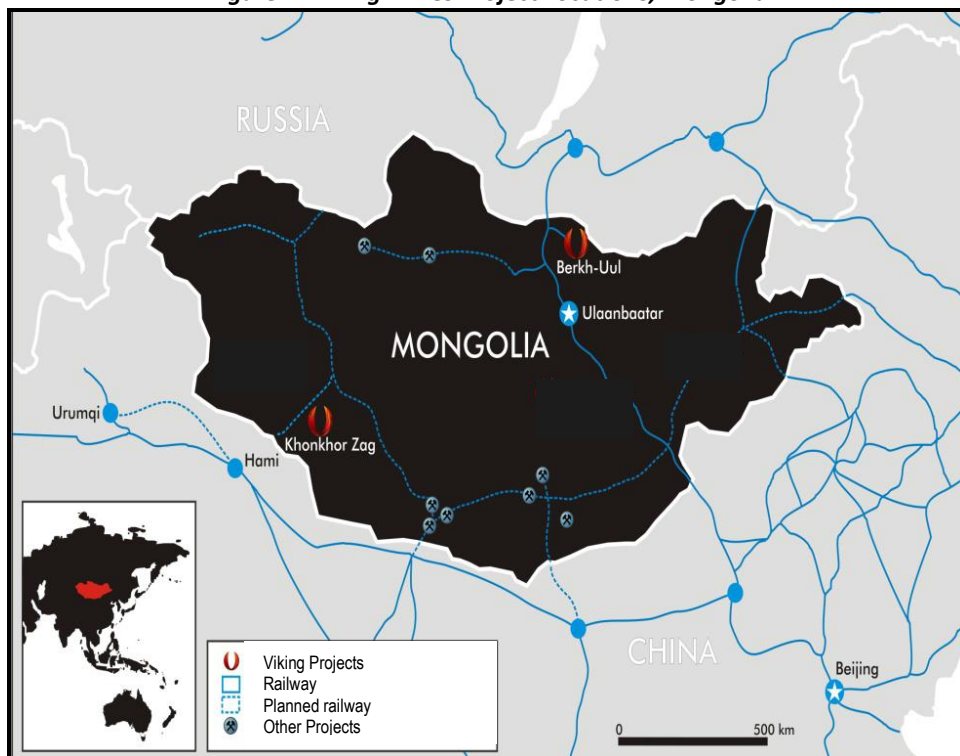
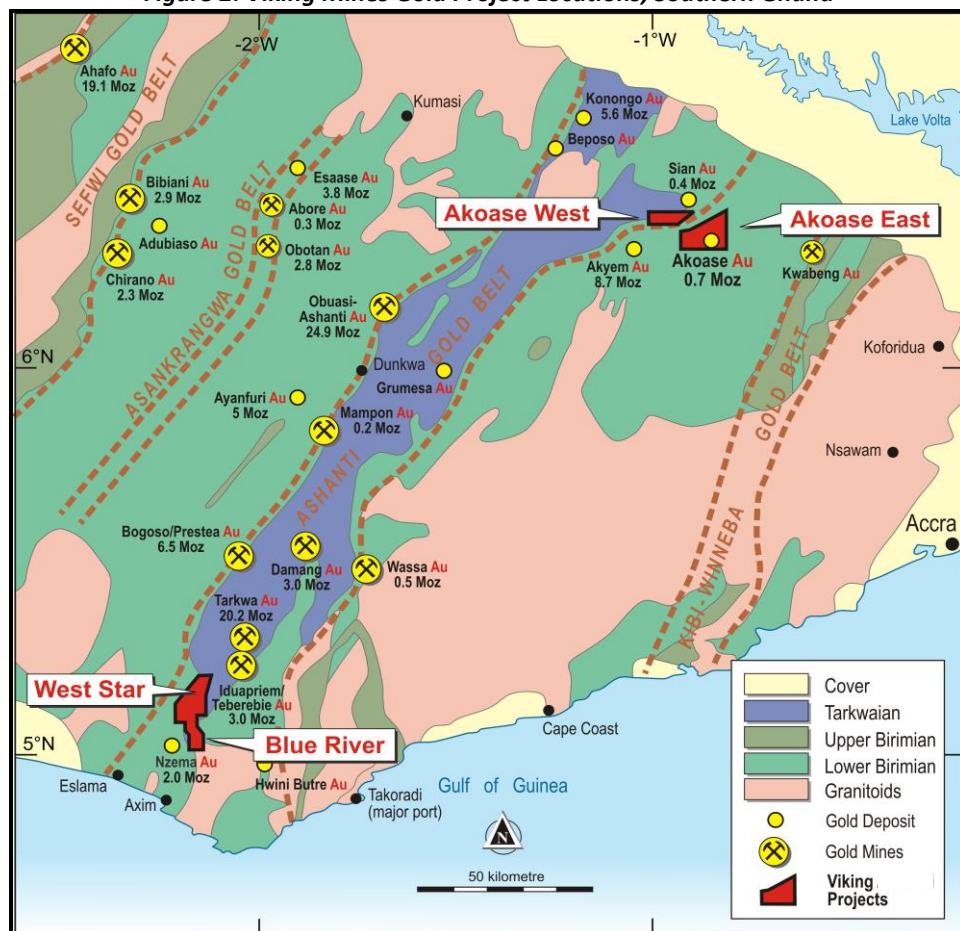


Figure 2: Viking Mines Gold Project Locations, Southern Ghana



Appendix 1
Tenements Held at 31 December 2015

Ghana

| Licence name | Location | Licence type | Licence Holder/ JV Partners* | Viking Mines Ownership |
|-------------------|----------------|---------------------|------------------------------|---|
| Akoase West | southern Ghana | Prospecting licence | RAL | 100% (reducing to zero% upon sale completion) |
| Akoase East | southern Ghana | Prospecting licence | RAL | 100% (reducing to zero% upon sale completion) |
| 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% (reducing to zero% upon sale completion) |

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 |
|--------------|-------------------------------|---------------------|-----------------------------|------------------------|
| Berkh Uul | Selenge province, Mongolia | Exploration licence | 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.

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 MINES LIMITED

ABN

126 200 280

Quarter ended ("current quarter")

31 December 2015

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 | (121) (284) | (338) (326) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | | |
| 1.5 | Interest and other costs of finance paid | (8) | (8) |
| 1.6 | Income taxes paid | | |
| 1.7 | Other | | |
| Net Operating Cash Flows | | (413) | (672) |
| 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 | 1,772 | 1,772 |
| 1.10 | Loans to other entities | | |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other (provide details if material) | | |
| Net investing cash flows | | 1,772 | 1,772 |
| 1.13 | Total operating and investing cash flows (carried forward) | 1,359 | 1,100 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | 1,359 | 1,100 |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | 30 |
| 1.17 | Repayment of borrowings | (150) | (150) |
| 1.18 | Dividends paid | | |
| 1.19 | Other - capital raising costs | | |
| | Other – shares to be issued | | |
| | Net financing cash flows | (150) | (120) |
| | Net increase (decrease) in cash held | 1,209 | 980 |
| 1.20 | Cash at beginning of quarter/year to date | 78 | 297 |
| 1.21 | Exchange rate adjustments to item 1.20 | (15) | (5) |
| 1.22 | Cash at end of quarter | 1,272 | 1,272 |

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 | 30 |
| 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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 250 |
| 4.2 Development | |
| 4.3 Production | |
| 4.4 Administration | 50 |
| Total | 300 |

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 | 220 | 50 |
| 5.2 Deposits at call | 1,052 | 28 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 1,272 | 78 |

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 | 250,974,285 | 250,974,285 | | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases | | | | |
| 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> | 44,771,552 3,000,000 | 44,771,552 - | <i>Exercise price</i> \$0.09 \$0.20 | <i>Expiry date</i> 30 April 2017 15 Nov 2016 |
| 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:Date: January 2016
Company Secretary

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.