

Viking Mines Limited

Materials



VKA A\$0.017

Viking Mines is an Australian listed gold exploration company focused on exploring and developing its high-grade First Hit Project in the Western Australian Goldfields region. The Company flagship project is within 50km of the Ora Banda Mining (ASX:OBM) Davyhurst Mill area in addition to another six mills within the region.

Number Of Shares	1.02B
Market Capitalisation	\$17.5M
Free Float (%)	81.2%
Average Weekly Volume (\$m)	1.81M
52 Week Range	0.015-0.055
Net Cash (A\$m) Q3	6.27
GICS Industry Group	Materials

Source: FactSet, BPCM

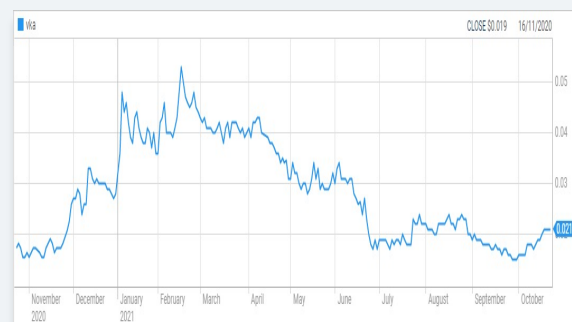
H2FY21



In the middle of the fourth quarter of 2020 VKA completed the acquisition of the First Hit Project 45km west of Menzies in the Eastern Goldfields.

- Historic high-grade gold mine with no drilling for 20 years until VKA acquisition.
- Underexplored area with demonstrated high-grade gold quartz veins.
- Strong cash position of \$6.27M.
- Active explorer with >15,000m to be drilled in 2021.
- Continuous news flow and market updates.

Share Price Performance



Source: Australian Securities Exchange

Historical Resource with Expansion Potential: In November 2020 VKA announced its acquisition of the First Hit Project which is centred around the historical high-grade First Hit gold mine. The acquisition of the project was completed by purchasing 100% of the issued capital of Red Dirt Mining Pty Ltd via a rights issue which completed in January 2021.

The First Hit mine historically reported a JORC (1999) resource (completed by Barra resources) of 0.18 Mt grading 23.6 g/t Au which was first reported by Barra Resources where the previous owners planned to mine 176,800 tonnes at 13.4 g/t Au. Mining at the time extracted 30,000 oz from the deposit at a time of depressed gold prices.

VKA's strategy is simple; to identify additional high-grade mineralised shoots both within, and proximal to, the historic mine along poorly tested mineralised shear zones.

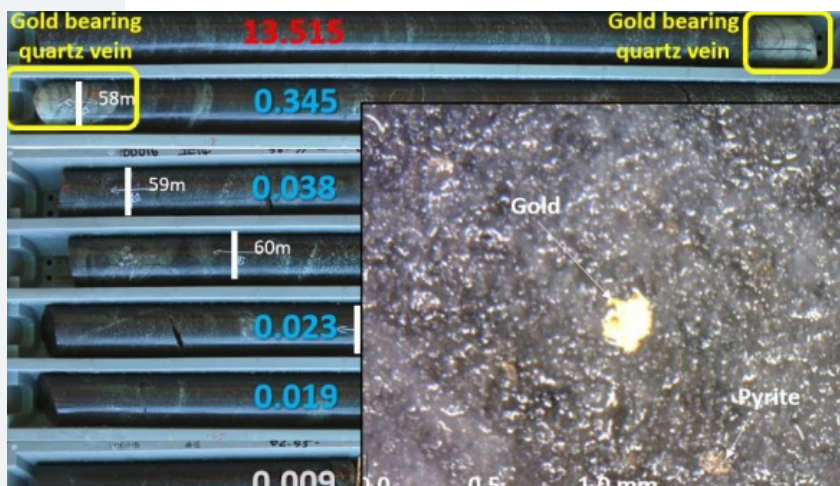
This will be achieved via identifying new mineralized shoots similar to that previously discovered by advancing the drill targets directly north and south of the mine and across the rest of the tenure.

The good news in relation to the First Hit Project is the underexplored nature of the tenure and a lack of effective exploration in the vicinity of the historic mine, with multiple targets for follow up drilling. To test this, the company completed 2 drilling campaigns in Q2 & Q3/FY21; a 3,924m diamond drilling and 5,080 air-core drilling program. Both programs yielded positive results and the company has now started a 6,500m RC drilling program to test 5 separate target areas. The latest campaign will be completed in Q2/FY22.

The company has been very active and aggressive in its exploration, with >10,000m of drilling completed to date over the 3 drill campaigns and plans to complete a total of >15,000m by the end of 2021.

Visible Gold

Looking at the core pictured in the August 2021 drilling update shows that Visible Gold seems to be reasonably common in the underlying geology and with mineralization remaining open from areas tested. Deeper strikes of gold below the historical mine workings yielded 7m @ 5.93 g/t and 1m @ 11.16 g/t with no drilling yet completed further to the south. Within the limits of the historical mine workings the company intersected results up to 1m @ 47.05g/t demonstrating high grade gold still remains unmined. Drilling to the north intersected 1m @ 13.52g/t Au, 165m away from the historical mine workings in a potential new shoot location. Further visible gold was announced in Nov 2021.



Source: Company

Current Drilling

The current RC drilling program is following up on the results from the previous 2 campaigns. Since starting drilling, they have identified visible gold in drillholes located 220m and 720m north of the historic mine workings which could represent new mineralized shoots. First results from the programme are expected to be received by the company towards the end of Nov/early Dec and will continue to be received through to January 2022. It is most likely that VKA's intention is to identify a larger resource combining both new discovery and the remaining mineralisation from the First Hit mine.

Due to the encouraging results and the poorly explored nature of the region, VKA increased its ground holding via a tenement purchase in January 2021 along strike from the First Hit Project which has the potential add additional resource opportunities for the Company. VKA has also applied for new tenements in close proximity to the historical mine. These tenements are located on the same regional shear corridor (the Zuleika and Mt Ida shear zones) and have very limited drilling which VKA hopes to capitalise on.

Continued success from drilling has assisted the company in carrying out successful capital raisings since announcing the acquisition, banking \$5.5M. The company retains a \$6.27M cash position at the end of Q1/FY22 which is fully funding the current drilling programme (forecast to cost \$820k) and provides a strong cash balance to follow up the results and negating the need for capital raises to fund the exploration.



Source: Company

Location and Infrastructure

Aside from the high-grade drill results the project is in an excellent location with critical infrastructure in place and nearby. It is located in the Tier 1 prolific gold mining district of the Eastern Goldfields of WA, 150km from the mining centre of Kalgoorlie with its associated support services.

The historical First Hit mine retains 1.8km of underground tunnel providing access to the top 200m of the orebody which certainly assists the company to go back into full scale mining without too much development work. The historic mine site retains other infrastructure such as a bore water, a waste dump, a box cut and dewatering dam along with a haul road.

At the start of Q3/FY21 the company announced it had obtained approval to take water from the project which is an important step to move to dewatering the mine to access the remaining gold mineralization if reserves are determined. There are multiple open pits and underground mines operating in the area providing the necessary skills and labour with the nearest operating mine 8km to the south (Ora Banda Mining's - ASX:OBM Riverina open pit).

Metallurgy

The metallurgy is simple with free milling gold yielding high gold recoveries (>90%) reported when the mine was last operational in 2001. This means ore could be processed at any of the mills nearby with the nearest processing facility only 50 km (ASX:OBM Davyhurst mill), and a further 6 mills within 200km. This provides optionality to VKA to monetise any gold resources which are identified.

Furthermore, the Company announced that judgement was found in their favour in legal proceedings in Ghana which awarded VKA US\$3M plus royalties and transfer fees in relation to the sale of the Akoase Project. The company has been paid the US\$3M but continues to pursue the Royalty worth up to US\$2M, transfer fees and the costs and interest related to the litigation. Any funds received will further bolster the already strong cash position.

In the event that the drilling returns positive results the current cash balance will allow the Company to progress rapidly towards a mineable standard to maximise value to shareholders. There is ample potential to expand resources at First Hit and given the recent drilling success we expect there could be a big jump in the resource size as well as grade continuity across the whole project.

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BPCM provides research services to its client. Mr Wright is General Manager of Research and has over thirty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the BPCM team in 2021 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Valuation Methodology BPCM Recommendation Proportions

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