ASX ANNOUNCEMENT

16 August 2023

VIKING PROCEEDS TO STAGE 2 OF CANEGRASS PROJECT FARM-IN

- **Viking achieves 25% Equity Stake in Canegrass Project after successful completion of Stage 1 of the Farm-In Agreement**
- **Viking has elected to progress to Stage 2 of Farm-in Agreement to earn a further 24% interest in Canegrass Project**

Viking Mines Limited (ASX: VKA) ("**Viking**" or "**the Company**") is pleased to announce that it has completed the first stage of its Farm-in Agreement ("**FIA**") with a subsidiary of Red Hawk Mining Limited (ASX:RHK) ("**Red Hawk**") (formerly Flinders Mines Limited) and has earnt a 25% equity stake in the Canegrass Battery Minerals Project ("**the Project**" or "**Canegrass**"), located in the Murchison Region of Western Australia.

The Company's decision to proceed with Stage 2 of the FIA follows the satisfactory completion of the Stage 1 commitment of $1 million exploration expenditure, which required completion within 18 months of commencement of the FIA.

Viking has undertaken a rapid and aggressive period of exploration activity since entering into the Farm-In Agreement comprising field mapping, geophysical surveys and modelling, Exploration Target Estimate, Metallurgical testwork and drilling programmes encompassing 50 Reverse Circulation (RC) drillholes for 7,687m.

The results from the work completed to date have yielded excellent outcomes which support the Directors' decision to proceed to Stage 2.

Stage 2 of the FIA will give Viking the right to earn a further 24% interest in the Project (refer Table 1 below) once total exploration expenditure reaches $2 million on the Project and is to be completed over the next 12 months. With $1.28 million spent to 31 July 2023 on the Project, Viking is well placed to comfortably achieve this next milestone within the required timeframe.

Viking Mines Managing Director & CEO Julian Woodcock said:

"I am very pleased to announce the completion of Stage 1 of the FIA. This achievement marks a significant milestone in our journey towards unlocking the potential of this promising Project.

"The performance of the Project has been exceptional, with the discovery of significant additional mineralisation outside the limits of the existing Mineral Resource Estimate (MRE) areas and excellent metallurgical results on testwork completed by Viking.

"I look forward to commencing with the next stage of activity as the assay results are received and QAQC evaluations completed which will then allow us to move to updating the MRE for the Project.

"The Company is specifically targeting a high-grade component of the resource >30Mt >0.8% V_2O_5 which, if achieved, we feel will form the basis for a robust Project.

"The Vanadium sector is primed for growth with adoption of Vanadium Flow Batteries (VRB's) taking place as evidenced by the recent pilot programme announced by Horizon Power to install a VRB in the remote community of Kununurra.

"I firmly believe that there are exciting times ahead for this Critical Mineral and that Vikings shareholders are well positioned to benefit."

TRANSACTION TERMS & FARM-IN STATUS

Table 1 below outlines the schedule of the Farm-In Agreement (FIA), as announced on 30 November 2022, and Table 2 details the production and milestone related payments for consideration of the remaining 1% of the Project.

As of 31 July 2023, Viking has spent a total of $1.28 million on the Project. The spend in excess of $1 million required for Stage 1 contributes directly towards Stage 2 of the FIA. As such Viking are required to spend $0.72M over the next 12 months to achieve completion of Stage 2 to acquire a further 24% interest in the Project.

Table 1; Farm-In Agreement terms for Viking to acquire up to 99% of the Canegrass Battery Minerals Project.

Item	Cash Payment at completion of each stage	Exploration Spend	Duration (months)	Stage Equity Earned (VKA)	Cumulative Equity Earned (VKA)	Status
Signing of agreement	$50,000	$0	1	0%	0%	COMPLETE
Stage 1 earn-in	$225,000	$1,000,000	18	25%	25%	COMPLETE
Stage 2 earn-in	$275,000	$1,000,000	12	24%	49%	IN PROGRESS
Stage 3 earn-in	$325,000	$1,000,000	12	26%	75%	
Stage 4 earn-in	$375,000	$1,000,000	12	24%	99%	
TOTAL	**$1,250,000**	**$4,000,000**	**54**[i]	-	-	

Excludes 1-month due diligence period

Table 2; Production and milestone related payments in consideration for the remaining 1% of the Canegrass Battery Minerals Project after Viking complete stages 1-4 of the JV Farm-In Agreement.

Period	$ payment on annual anniversary of 1st production	$ Total
Grant of Mining Lease	$100,000	$100,000
Years 1-3	$50,000	$150,000
Years 4-6	$75,000	$225,000
Years 7-9	$90,000	$270,000
Year 10	$100,000	$100,000
TOTAL		**$845,000**

NEXT STEPS

With the successful completion of Stage 1 of the Farm-In, Viking has achieved yet another key milestone in the advancement of the Canegrass Project. Work is ongoing with the following priority activities:

- Receive all drilling results from the laboratory and complete QAQC assessment.
- Assess drilling results and complete an interpretation of the Vanadiferous Titanomagnetite horizon.
- Engage an external consultant to undertake resource modelling to produce an updated JORC (2012) Mineral Resource Estimate for the Project.
- Investigate opportunities for additional processing options to maximise value through recovery of additional products from the mineralisation.

END

This announcement has been authorised for release by the Board of Directors of the Company.

Julian Woodcock
Managing Director and CEO
Viking Mines Limited

For further information, please contact:
Viking Mines Limited
Sarah Wilson - Company Secretary
+61 8 6245 0870

Competent Persons Statement – Mineral Resources

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr Aaron Meakin, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Meakin is a consultant to Red Hawk Mining Ltd and Viking Mines Ltd, employed by CSA Global Pty Ltd, independent mining industry consultants. Mr Meakin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). The Company is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement on 30 November 2022.

CANEGRASS BATTERY MINERALS PROJECT

The Canegrass Battery Minerals Project is located in the Murchison region, 620km north-east of Perth, Western Australia. It is accessed via sealed roads from the nearby township of Mt Magnet to within 22km of the existing Resources. The Project benefits from a large undeveloped Inferred Vanadium Resource hosted in vanadiferous titanomagnetite (VTM) Mineralisation as part of the Windimurra Layered Igneous Complex.

The Project benefits from ~95km^2 of exploration tenements with very limited follow up exploration targeting the growth potential of the vanadium pentoxide (V_2O_5) Resources in the +10 years since the Resource was first calculated. Multiple drill ready targets are present which have the potential to significantly add to the already large Resource base, with high grade intercepts presenting an opportunity to substantially increase the average grade.

JORC (2012) MINERAL RESOURCE

The Canegrass Battery Minerals Resource has been calculated across two separate areas called the Fold Nose and Kinks deposits, each with eight and four separate mineralised domains modelled respectively. The Mineral Resource has subsequently been reported above a cut-off grade of 0.5% V_2O_5 and above the 210 RL (equivalent to a maximum depth of ~250m) (refer to ASX Announcement on 30 November 2022).

Canegrass Project Vanadium Mineral Resource estimate, 0.5% V_2O_5 cut-off grade, >210m RL (due to the effects of rounding, the total may not represent the sum of all components).

Deposit	JORC Classification	Tonnage (Mt)	V_2O_5 %	Fe %	TiO_2 %	Al_2O_3 %	P %	SiO_2 %	LOI %
Fold Nose	Inferred	59	0.66	30.5	6.5	11.9	0.006	22.9	2.9
Kinks	Inferred	20	0.57	27.4	5.5	13.0	0.009	25.9	3.1
TOTAL		**79**	**0.64**	**29.7**	**6.0**	**12.2**	**0.007**	**23.6**	**3.0**

VIKING MINES FARM-IN AGREEMENT

Viking, via its wholly owned subsidiary, Viking Critical Minerals Pty Ltd, commenced with a Farm-In arrangement with Red Hawk Mining Ltd (ASX:RHK) (formerly Flinders Mines Ltd) on 28 November 2022 to acquire an equity interest in the Canegrass Battery Minerals Project. Through the terms of the Farm-In, Viking can acquire up to 99% of the Project through completion of 4 stages via a combination of exploration expenditure of $4M and staged payments totalling $1.25M over a maximum period of 54 months. If Viking complete the Farm-In to 99% equity interest, Red Hawk may offer to sell to Viking the remaining 1% of the Project for future production and milestone related payments totalling $850,000. If Red Hawk do not offer to sell within a prescribed timeframe their right lapses, they must offer Viking the right (but not the obligation) to buy the remaining 1% for the same terms. The Project has a legacy 2% Net Smelter Royalty over the project from when Red Hawk Mines acquired it from Maximus Resources in 2009.

VANADIUM REDOX FLOW BATTERIES – GREEN ENERGY FUTURE

Viking Mines recognise the significant importance of Vanadium in decarbonisation through the growth of the Vanadium Redox Flow Battery ("**VRFB's**") sector.

VRFB's are a developing market as an alternate solution to lithium-ion ("**Li-ion**") in specific large energy storage applications. Guidehouse Insights Market Intelligence White Paper[i] published in 2Q 2022 forecasts the VRFB sector to grow >900% by 2031 through the installation of large, fixed storage facilities (Figure 2).

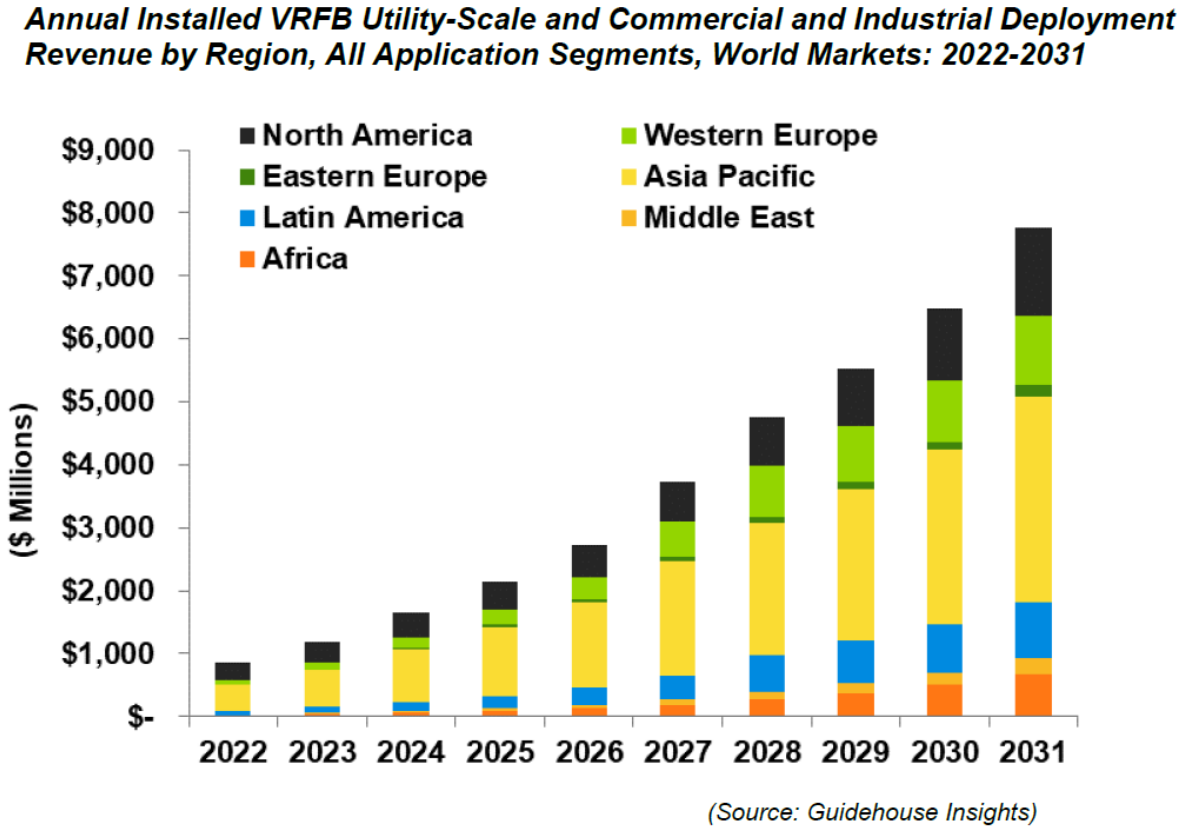

Figure 1; Forecast growth of the VRFB Sector through to 2031 (source – Guidehouse Insights[i])

The reason for this forecast growth is that VRFB's have unique qualities and advantages over Li-ion in the large energy storage sector to complement renewable energy sources to store the energy produced. They are durable, maintain a long lifespan with near unlimited charge/discharge cycles, have low operating costs, safe operation (no fire risk) and have a low environmental impact in both manufacturing and recycling. The Vanadium electrolyte used in these batteries is fully recyclable at the end of the battery's life.

Importantly, and unlike Li-ion, the battery storage capacity is only limited by the size of the electrolyte storage tanks. This means that with a VRFB installation, increasing energy storage capacity is only a matter of adding in additional electrolyte (via the installation of additional electrolyte storage tanks) without needing to expand the core system components. Increasing the energy storage directly reduces the levelized cost per kWh over the installation's lifetime. This is not an option with Li-ion batteries.

It is for these reasons that VRFB's are an ideal fit for many storage applications requiring longer duration discharge and more than 20 years of operation with minimal maintenance.

i) Guidehouse Insights White Paper Vanadium redox Flow Batteries Identifying Market Opportunities and Enablers Published 2Q 2022 https://vanitec.org/images/uploads/Guidehouse_Insights-Vanadium_Redox_Flow_Batteries.pdf