

Quarterly Activity Report

For the period ending 31 December 2010

Victory West Moly Limited (“VWM” or “the Company”) is pleased to provide shareholders with this Quarterly Activities Report for the three (3) months ending 31 December 2010.

Highlights

- ❖ **USSU Nickel Project**
 - Binding agreement signed to acquire rights to 70% equity interest in the USSU Nickel Project
 - Significant upside identified through re-evaluation of existing data;
 - 25-30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in Saprolite; and
 - 15-20Mt @ 1.10 – 1.30% Nickel with 0.05% Cobalt and 29.6% Fe in Limonite
 - Drilling contractor mobilised – extensive drilling program in progress targeting JORC resource by Q1-2011
 - Investing tandem commercialisation opportunities for both lower grade limonite and high grade saprolite mineralisation
- **Malala Molybdenum Project**
 - MOA signed with China Guangshou Group Corp (CGGC) in Xiamen, signing ceremony Perth, Western Australia
 - Acquisition of the remaining 25% equity of Victory West Pty Ltd (95% interest in Malala Project)
- **Copper/Gold Project Toraja province, South Sulawesi**
 - Victory West secures rights to acquire 75% interest in a highly prospective copper-gold porphyry project located in widely recognized copper-gold province in South Sulawesi
 - Significant previous exploration results including:
 - 34.20m (141.80-176.00 m) @ 3.05 g/t Au, including: 4.00 m (143.80-147.80 metres) @ 14.70 g/t Au, and 4.00 metres (164.00-168.00) @ 9.14 g/t Au.
 - Copper intersections of 4.00m @ 0.48% Cu and 22.00m @ 0.18% commencing at 120.00m depth.
 - Dutch workings in the area indicate high gold or copper grades in hydrothermal veins
 - The project has three key areas considered to be highly prospective
 - Known gold mineralisation (from Dutch exploration adits)
 - Porphyry/ Diatreme Breccia (prospective for copper/gold)
 - Numerous additional previously unexplored targets

Operations Report:

USSU Nickel Project

During the Quarter VWM continued to progress the highly prospective USSU Nickel Project, located in Malili East Luwu in South Sulawesi.

The Company's geological consultants GMT Indonesia refined the exploration target* through the re-evaluation of existing data;

- 25-30Mt @ 1.70-1.90% Nickel with 0.03% Cobalt and 16.2% Fe in saprolite; and
- 15-20Mt @ 1.10-1.30% Nickel with 0.05% Cobalt and 29.6% Fe in limonite.

This represents a significant increase to the previous exploration target* from 35-45Mt at 1.2% to 1.6%

During the quarter, VWM engaged Indonesian Drilling Contractor CV. Fajar Jaya to undertake an 80 hole (~1,000 metre) verification and in-fill drilling program within the currently targeted initial production area.

As at the 11 January 2011, a total of 27 holes (600m) had been completed. Encouragingly, the high grade saprolite horizon has proven to be thicker than identified in historic drilling. This has resulted in the average depth of the drilled holes increasing from an expected average of 15metres to 22metres.

This has primarily due to two factors;

- the historic drilling resulted in only a moderate percentage of drilled holes concluding in bedrock; and
- a change in the drilling program's standard operating procedure (SOP) whereby holes are drilled 3m into the bedrock compared to 1m formerly, has resulted in several holes identifying additional depth of saprolite below floating bedrock boulders.

Samples collected from the drilling to date have been returned and are currently being compiled into a model for comparative analysis against the historic data. Upon sufficient sample results being received to achieve context, a further detailed announcement will be provided to the market.

Targeting an Inferred JORC Resource

It is expected that the current drilling program will result in a maiden inferred JORC resource by end Q1-2011. It is the Company's intention to continue and expand the drilling program to increase both target mineralization tonnages and confidence levels of the deposit.

Downstream Processing

To date, the Company has focused on the significant DSO potential of the Project. The Company has also retained the services of a Consulting Metallurgist to evaluate both Hydrometallurgical and Pyrometallurgical processing options likely to entail Heap Leaching and production of a Concentrate for processing by others, Direct Reduction and the production of a crude ferro-nickel product suitable for blast furnace feed.

Bottle roll and Reduction testing will also be undertaken on selected samples as an early indicator of Leachability and or Direct Reduction potential of the ore types contained in the USSU deposit.

Moving Forward

An aggressive work program and budget has been agreed to fund exploration, production permit approvals and pre-development works. The Company is on track to hold a shareholder meeting to approve the acquisition of the USSU Nickel Project to be held March 2011.

Malala Molybdenum Project

In late October 2010, the Company and CGGC executed a memorandum of agreement (MOA) in Xiamen, China formalizing the terms and conditions for CGGC to acquire a 65% interest in the Malala Molybdenum Project. This was followed by a signing ceremony in Perth, Western Australia and was attended by a delegation of high-ranking Toli Toli (local regent) and Central Sulawesi Indonesian Government Officials including H. Bandjela Paliudju, Governor of Central Sulawesi Province, H. Moh. Saleh Bantilan, Bupati Toli Toli Regency and Central Sulawesi heads of Mining, Forestry and Environment. Also in attendance was Mr. Michael Law as representative of CGGC (see announcement dated 27 October 2010).

Under the terms of the agreement;

- CGGC will acquire a 65 per cent interest in the Project in consideration for sole funding 100 per cent of all expenditure to large scale production.
- VWM will retain a "free carried" interest of 27.5 per cent in the Project through its related parties. CGGC will also pay a US\$1 million commitment fee to be paid in 2 tranches of \$500,000.

Key Milestones

Under the terms of the MOA, a number of key exploration, development and production milestones are required to be met by CGGC;

Stage	Deliverable
Stage 1: Exploration	<ul style="list-style-type: none">● A minimum of 10,000 metres drilling to be reviewed by a geological consulting group of international standard● Definition of a suitable 43-101 / JORC resource that is capable of commercial production
Stage 2: Construction/Development	<ul style="list-style-type: none">● Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure
Stage 3: Production	<ul style="list-style-type: none">● Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months● Subject to a total resource of no less than 150 million tons at 840ppm Mo CGGC will commence large scale production (open pit) by 2016.

New Acquisition - Copper/Gold Project

Subsequent to the quarter end on 27 January 2011 the Company announced that it had, subject to due diligence secured the rights to acquire via way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi.

The Project is located in a known porphyry province and the geological setting is favorable for the exploration of both porphyry Copper-Gold style mineralization and more discrete zones of higher grade gold mineralization.

Previous exploration at the project area include numerous Dutch exploration Adits, which were excavated early in the 1900's exploiting copper, gold and lead from high grade quartz viens.

The project has three key areas considered to be highly prospective;

- Known gold mineralisation (from Dutch exploration adits)
- Porphyry/ Diatreme Breccia (prospective for copper/gold)
- Numerous additional previously unexplored targets

Significant previous exploration results including:

- 34.20m (141.80-176.00 m) @ 3.05 g/t Au, including: 4.00 m (143.80-147.80 metres) @ 14.70 g/t Au, and 4.00 metres (164.00-168.00) @ 9.14 g/t Au.
- Copper intersections of 4.00m @ 0.48% Cu and 22.00m @ 0.18% commencing at 120.00m depth.
- Dutch workings in the area indicate high gold or copper grades in hydrothermal veins

See announcement dated 27 January 2011 for further information.

Corporate

During the quarter the Company raised:

- A\$2.5million through the issuance of million fully paid ordinary shares at 12cents per share to professional investor clients (708 compliant) of Convergence Capital.
- A\$1.578 million through this issue of convertible notes (\$0.12 conversion) as at 31 December 2010 \$250,000 had been converted. It is expected the balance of the notes will be converted in the next quarter.

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* Notes on Exploration Targets

In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resource or Ore Reserves have been establishing on these concessions and any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is currently based on historic work.

Competent Persons Statement

The data in this announcement that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr. Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who 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 a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr. Gunter is a fulltime employee of GMT Indonesia and he consents to the result as they appear.

About Victory West

Victory West Moly Ltd is a metals focused resource exploration company listed on the Australian Securities Exchange (ASX code: VWM) and Frankfurt Stock Exchange (FSE code: R1E), with a vision to find, prove and extract value from world class metals projects in South East Asia. The Company is building a metals portfolio with its cornerstone project Malala Molybdenum Project in the Toli Toli Province in South Sulawesi and rights to acquire a 70% interest to the USSU Nickel Project in South Sulawesi and a 75% equity interest in a highly prospective copper-gold porphyry project Toraja province, South Sulawesi.

For further information on VWM, please visit www.victorywestmoly.com.au