# ASX Announcement

**1 May 2014**

**ASX Code: VKA**

# Viking takeover target, Auminco, signs coal MOU with Mongolian Government power authority

Viking Ashanti Limited (ASX: VKA, the "**Company**" or "**Viking**") today announced that a Mongolian Government power authority has signed an initial non-binding Memorandum of Understanding ("**MOU**") relating to future potential coal supply, with Auminco Mines Limited (**Auminco**).

Auminco, an unlisted public coal development company is currently the subject of a takeover offer by Viking. To date 92.69% of Auminco's shareholder base has accepted the offer which is due to close on 23 May 2014.

Viking Ashanti Managing Director, Peter McMickan, said the MOU signed with Darkhan Thermal Power Plant ("**DTPP**") was an important step for Auminco's Berkh Uul Bituminous Coal Project ("**BU Project**") in northern Mongolia.

"The fact that Berkh Uul Project has been recognised by the Mongolian Government as being a potential key supplier of coal to the DTPP is a significant milestone in the development of the Project," Mr McMickan said.

"Auminco's discussions with nearby cement works and power stations had already confirmed a local industrial demand for unwashed Berkh Uul coal, due to its low ash, low sulphur and relatively high calorific value. This MOU provides further evidence of the potential customer base for Berkh Uul's coal."

DTPP is a Mongolian Government entity and is the major supplier of electricity to Mongolia's second largest city, the commercial and industrial centre of Darkhan, and the northern region of Mongolia. Currently the DTPP consists of a 47 Megawatt power plant that consumes approximately 400,000t of coal per year. An upgrade to add an additional 35 Megawatt capacity is due for completion in 2015. The additional capacity will increase coal demand to approximately 600,000t per year.

The non-binding MOU, signed with Auminco's Mongolian subsidiary BRX LLC relates to the intent by DTPP to enter into future purchase agreements for BU Project coal. It also establishes a basis for technical evaluation of the quality and quantity of coal prior to price negotiation, which includes testing of a 5,000 t bulk sample.

The BU Project is located 200km east of Darkhan City, within 40km of rail access to the existing Trans-Mongolian Railway, which provides a transport link to Darkhan to the south and Russia to the north (Figure 1).

**ENDS**

Peter McMickan
Managing Director

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**Competent Persons Statement:** The information in this Public Report that relates to 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 Ashanti 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 the Exploration Results and Mineral Resources of Auminco Mines Limited is based on information compiled by Mr Matt Morgan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Morgan is a full time employee of Auminco Mines Ltd. Mr Morgan 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 Morgan consents to the inclusion in this presentation 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 – Mongolia (Auminco 100%)

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

The exploration permit is valid to 2015. A Mongolian consultant has been engaged to carry out a study to satisfy Government requirements on environmental, social, technical and commercial considerations, with a Mining Lease application to follow on completion of this study.

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

Auminco's 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.

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 for Auminco 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) (Table 2).

The information in this Report concerning the Mineral Resources of Auminco 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.vikingashanti.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.

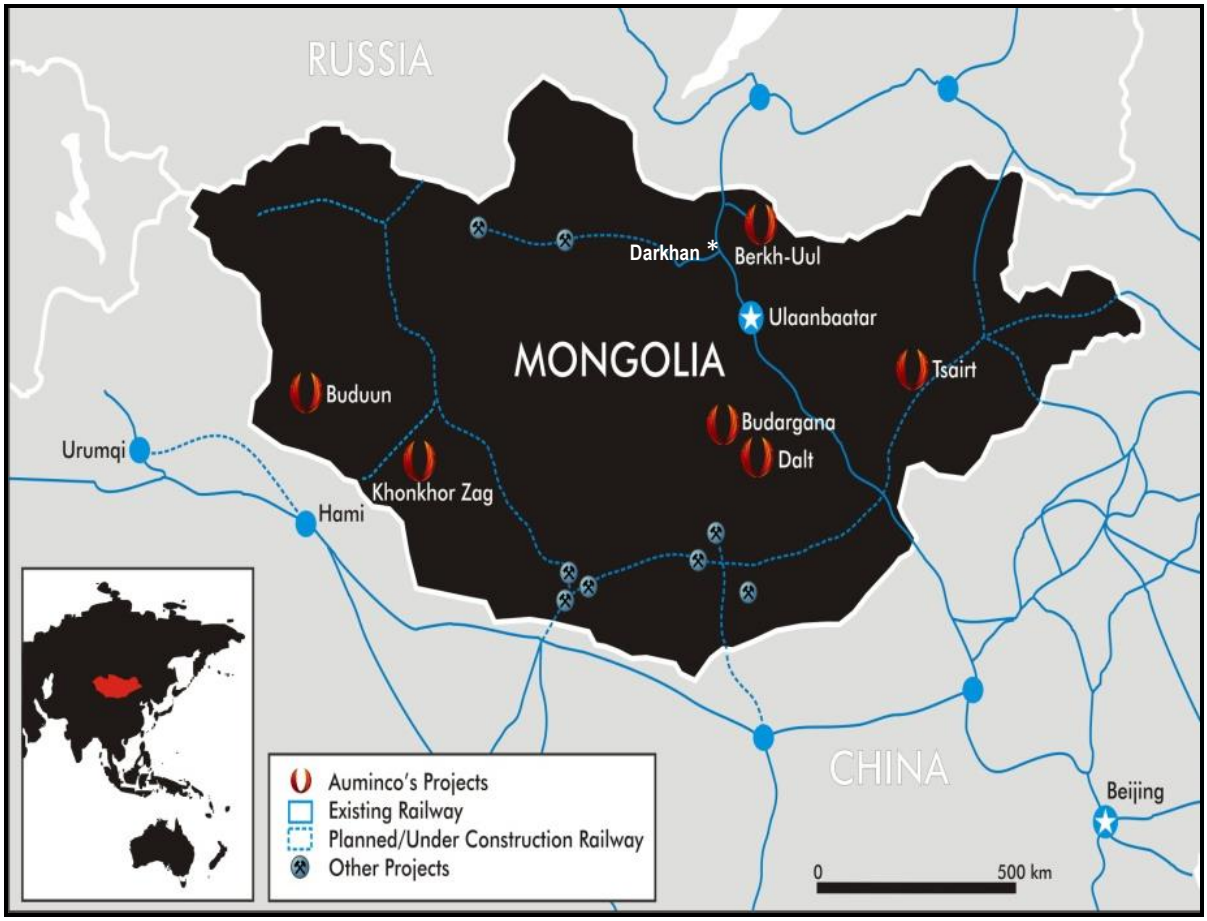


**Figure 1: Location of the Berkh Uul coal project in Mongolia**

## VIKING ASHANTI COMPANY INFORMATION

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| Peter McMickan | Managing Director |
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