

# VICTORY GOLD MINES INC.

## NEWS RELEASE

FOR IMMEDIATE RELEASE  
December 22, 2011  
Toronto, Ontario

Shares Outstanding: 35,190,286  
CNSX: VGO

### **VICTORY GOLD MINES INC. ANNOUNCES COMPLETION OF NON-BROKERED PRIVATE PLACEMENT**

**Victory Gold Mines Inc.** (“**Victory Gold**”) (CNSX: VGO) announces the closing of its non-brokered private placement financing previously announced on October 14, 2011 (the “**Offering**”). The Offering was made pursuant to exemptions from the prospectus requirements of the applicable securities laws. The Offering consisted of 1,250,038 Units (the “**Units**”) at a price of \$0.22 per Unit for total proceeds of \$250,000 and 4,452,001 common shares on a “flow-through” basis (the “**Flow-Through Shares**”) at a price of \$0.22 per Flow-Through Share for total proceeds of \$979,440. Total gross proceeds of the Offering were \$1,229,440.

Each Unit is comprised of one common share in the capital of Victory Gold and one-half of one common share purchase warrant (a “**Warrant**”). Each whole Warrant entitles the holder to acquire an additional common share at an exercise price of \$0.35 per share for a period of 18 months.

Finders fees consisting of 31,818 common shares and 545,427 finder warrants were paid to qualified registrants in connection with the Offering. Each finder warrant entitles the holder to subscribe for one common share at the exercise price of \$0.35 for a period of 18 months. Completion of the Offering is subject to regulatory approval. All securities issued in the Offering will be subject to a hold period of four months and one day.

The net proceeds from the sale of the Units will be used for general corporate purposes. The gross proceeds from the Flow-Through Shares will be used by Victory Gold to continue exploration and development of the Gold Pike Mine Property located in the East Timmins Gold District between the Black Fox Mine operated by Brigus Gold and the Hislop Mine operated by St. Andrew Goldfields. Victory Gold is funded for the initial phase of the 2012 drilling program consisting of approximately 20 holes and drilling has begun. (See news release dated November 16, 2011.)

The 2012 exploration drilling will follow up on the success of the recently released 2011 exploration program results, which confirmed the potential of the property both down plunge and to depth. (See Figure 1 for Longitudinal Section of 2011 exploration program.)

Victory Gold 2011 Exploration Program Highlights – Released September 14, 2011

DDH	From (m)	To (m)	Length (m)	Au (gpt)	G x W
GP-11-08	95.3	160.7	65.4	7.13	466.4
GP-11-06	53.5	103.5	50.0	1.44	71.8
GP-11-09	247.0	267.0	20.0	3.10	62.0
GP-11-09	363.4	364.5	1.1	41.5	43.6

Intervals reported here are core lengths. True widths are not known at this time. All depths are reported as down hole.

Gold mineralization was outlined on the Gold Pike Mine Property by Noranda during the 1980's and Royal Oak Mines Inc. initiated production from an open pit mine in the early 1990's, shipping approximately 100,000 tons grading 3.4 grams per tonne for milling (Source: Resident Geologist) when the gold price averaged \$366 per oz.

The Noranda drilling outlined a mineralized zone over a strike length of 400 metres to a depth of 250 metres below surface. The zone remains open both along plunge and up/down dip. The Victory Gold 2011 drill program confirmed and extended the mineralization outlined by Noranda and indicated that the mineralization is open at depth and down plunge to the southeast amenable to a potential step out drilling program in the near future. In addition, indications of parallel mineralization have been indicated by both Victory Gold and Noranda drilling warranting additional follow up in the 2012 Exploration Program.

Victory Gold is earning up to a 70% interest in the Gold Pike Mine Property from Matachewan Consolidated Mines, Limited ("MCM")(TSX-V: MCM.A).

Key terms of the earn in are:

- earn 50% over three years by making \$450,000 in exploration expenditures, \$60,000 in cash payments, and 500,000 shares;
- earn 60% for an additional \$1 million in exploration expenditures over 2 years; and
- earn 70% for an additional \$2 million in exploration expenditures over 3 years.

MCM retains a 2% NSR (1% of which can be repurchased for \$1 million) and receives an annual advance royalty of \$25,000 after Victory Gold's 50% earn in.

A joint venture is established after the 70% Victory Gold earn in. Should Victory Gold provide 100% of mine financing, it recovers 200% of exploration expenditures as a priority on 90% of joint venture profits.

---

Victory Gold Mines Inc. is exploring and expanding a former producing gold deposit situated between two producing gold mines in the Timmins Gold District.  
Please visit [www.victorygoldmines.com](http://www.victorygoldmines.com) for additional information.

---

For information contact: Mr. John Kontak, President at [jkontak@victorygoldmines.com](mailto:jkontak@victorygoldmines.com) and (416) 637-4616 or Eric Balog at [ebalog@firstcanadiancapital.com](mailto:ebalog@firstcanadiancapital.com) and (416) 742-5600 ext 235.

*Certain statements contained in this news release constitute "forward looking statements". These statements are based on current expectations of management, however, they are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from the forward-looking statements in this news release. Readers are cautioned not to place undue reliance on these statements. Victory Gold does not undertake any obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise after the date hereof, except as required by securities laws.*

Figure 1

