VICTORY MINES LIMITED

ABN 39 151 900 855

And Controlled Entity

Annual Report

For the year ended 30 June 2014

Victory Mines Limited

ABN 39 151 900 855

CONTENTS

DIRECTORS' REPORT

Your directors present the following report on Victory Mines Limited ("the Company") and its wholly owned subsidiary Victory Exploration Pty Ltd (together referred to hereafter as "the Group") for the financial year ended to 30 June 2014.

DIRECTORS

The names of directors in office at any time during or since the end of the period are:

James Ellingford	Non-Executive Chairman
Peter Peebles	Executive Director
Ashley Hood	Non-Executive Director

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

Elizabeth Hunt held the position of company secretary during the year.

Details of Ms Hunt's experience are set out below under 'Information on Directors'.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were project acquisition, sample analysis and general exploration activities.

There were no significant changes in the nature of the Company's principal activities during the financial year.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $6,491,130 (2013: $2,678,297).

FINANCIAL POSITION

As at 30 June 2014 the Group had a cash balance of $26,146 (2013: $67,223) and a net asset position of $482,433 (2013: $2,835,422).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial period ended 30 June 2014.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs occurred during the year:

- On 5 March 2014, the Company announced that it has entered into an agreement with South American Tin (SAT), whereby Victory Mines will acquire 100% of SAT in exchange for 1,000,000,000 Victory shares being issued to SAT's shareholders. The shares are to be held in escrow.
- On 1 May 2014, the Company issued the Prospectus to the shareholders of SAT for the offer of up to 1,000,000,000 ordinary shares in Victory Mines in order to acquire 100% of SAT. Subsequently, on 5 August 2014, the Company announced that it had consented to a final stop order from ASIC whereby no offers could be made under this Prospectus dated 30 April 2014.
- On 18 June 2014, 23,750,000 ordinary shares were issued as part of a placement raising $190,000.On 12 September 2014, the Company issued an updated Prospectus for the acquisition of SAT.
- On 12 September 2014, the Company issued the Notice of General Meeting to be held on 17 October 2014 for the approval to be given to the Company to complete the acquisition of SAT. In addition, the Company is also seeking an approval to raise up to $2,000,000.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

REVIEW OF OPERATIONS

South American Tin Limited, Bolivia (pending)

On 5 March 2014 Victory announced that it had entered into an agreement with unlisted Australian public company South American Tin Limited ("SAT") whereby Victory will acquire 100% of SAT in exchange for 1,000,000,000 Victory shares being issued to SAT's shareholders. The acquisition remains subject to completion of satisfactory due diligence and shareholder and regulatory approvals.

Victory had been undertaking diligence studies in relation to SAT's Bolivian Tin project. As part of the due diligence review a technical update was released to the market on 12 May 2014.

In Victory's announcement of 1 April 2014, it provided information about the Oropeza Prospect - just one area within the San Pedrito Project. This update also contains expansive current and historic information that SAT has about the wider San Pedrito Project.

On 12 September 2014, Victory issued a Prospectus for the acquisition of SAT and announced the General Meeting to be held on 17 October 2014 for shareholders to approve the acquisition.

Western Australia Projects

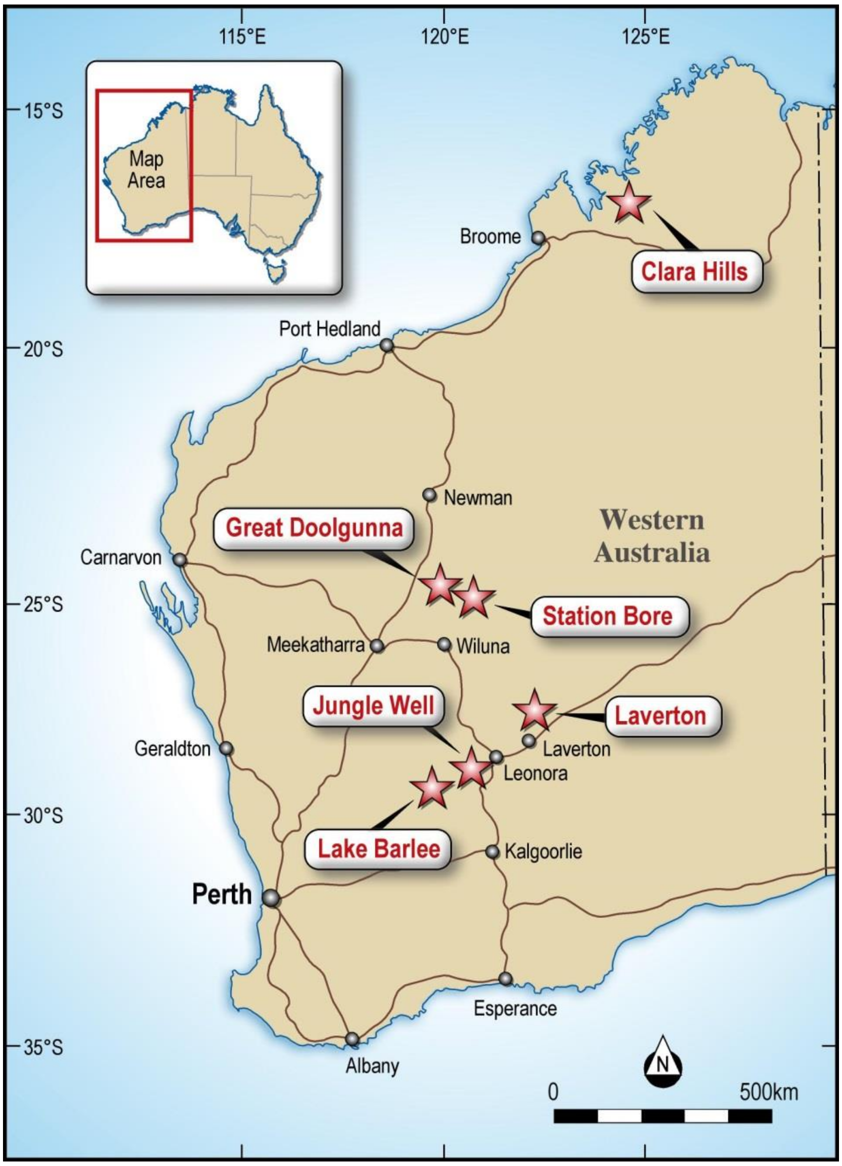

Figure 1 – Western Australian Project Locations

Laverton Project (E38/2374)

At the Laverton project, some 20km north of Laverton in the eastern Goldfields, an auger geochemical survey consisting of 1,239 samples was conducted. Samples were collected every 50 metres on lines spaced 400 metres apart. The sampling covered major structural features as well as associated splays which were defined from an aerial magnetic and radiometric survey which was flown in 2012.

The auger samples (which were approximately 1kg in size) were sent to ALS Laboratories where they were fine ground so that 95% of the sample was <75 micron. The pulps were then subject to analysis by a Niton XL3t XRF analyser. The device was calibrated in "soil" mode. The anomalous copper and nickel areas (as shown in Figures 3 and 4) were defined by concentrations detected by the Niton XRF device.

The pulps were then analysed by ALS for gold using their method Au TL43, which is a method using Aqua Regia digest followed by ICP MS finish using a 25g sample. The gold anomalous areas (Figure 2) relied on results using this analytical method.

All anomalies were defined using the 95th percentile (i.e. the top 5% of the results).

The gold anomalies are shown as Figure 2 with the underlying geology shown. The most northern anomaly is open along strike and across strike. The other 2 anomalous regions are up to 1km in length.

The nickel anomalies are shown as Figure 3, draped over the underlying geology. There is a large anomaly defined in the south of the tenement, but this may simply reflect the underlying geology, which consists of ultramafics (mauve colour) where elevated nickel values are to be expected. The other anomalies to the west and to the north are significant as they are not underlain by ultramafic lithologies.

The copper anomalies are shown as Figure 4, with the largest anomaly being over mafic (pale green) and the ultramafics where elevated copper values can be expected. However the other anomalous regions are significant as they too are not underlain by the mafic/ultramafic rock types.

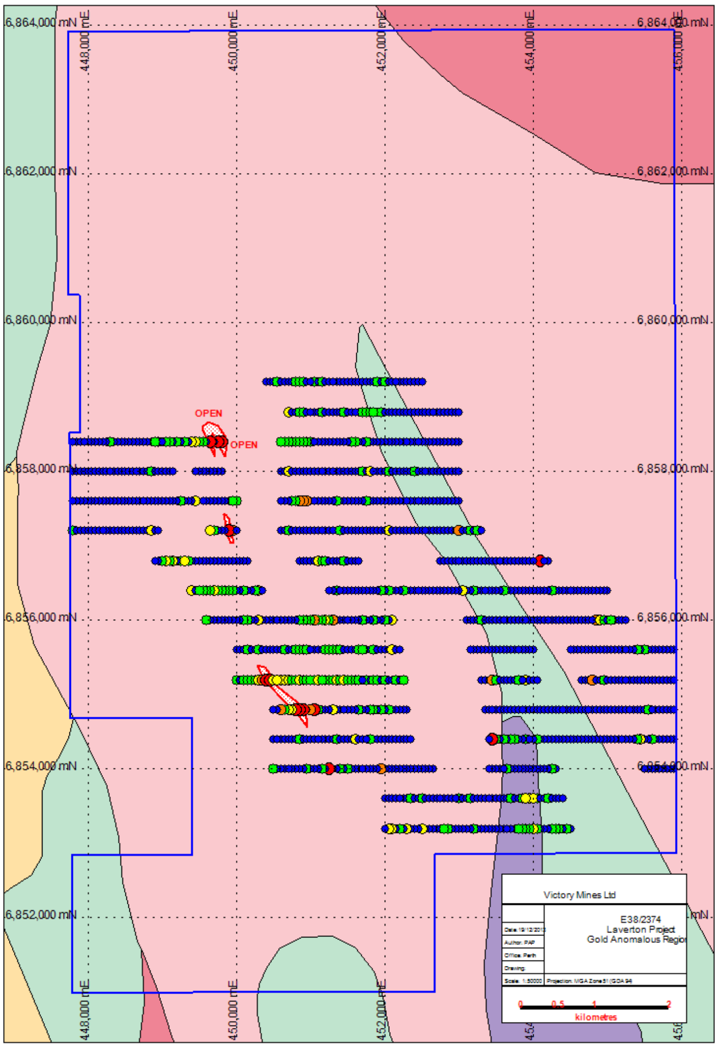

Figure 2 – Gold Anomalous Regions

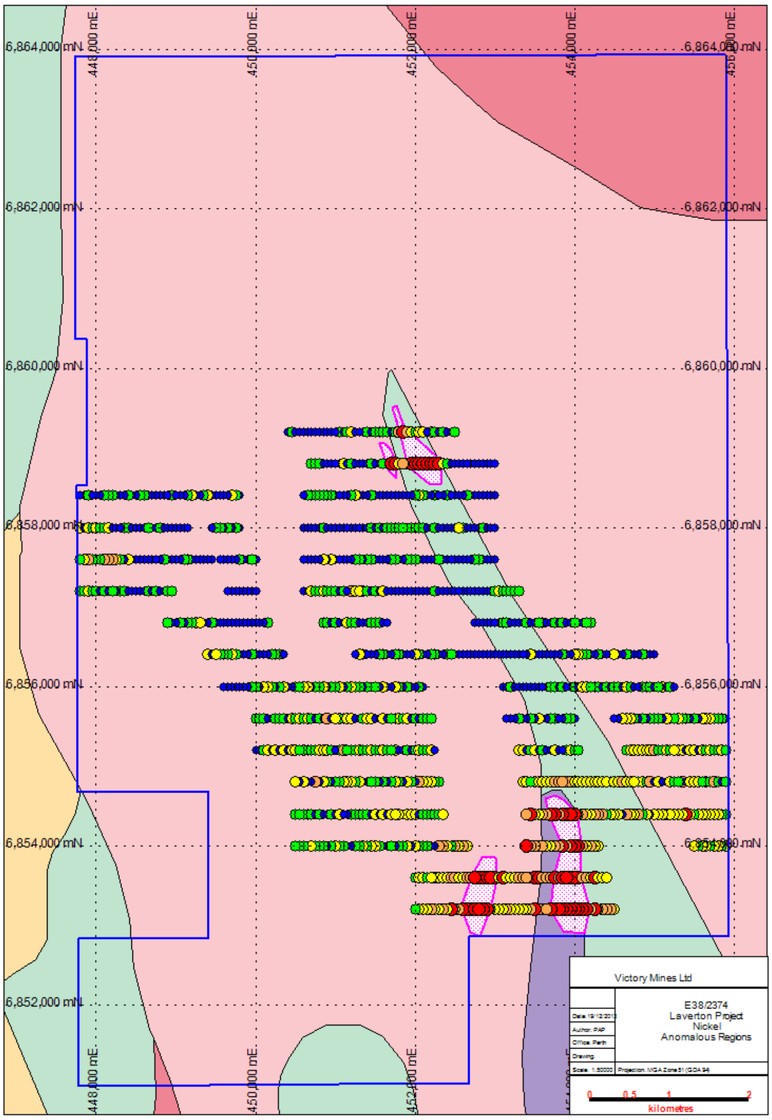

Figure 3 – Nickel Anomalous Regions

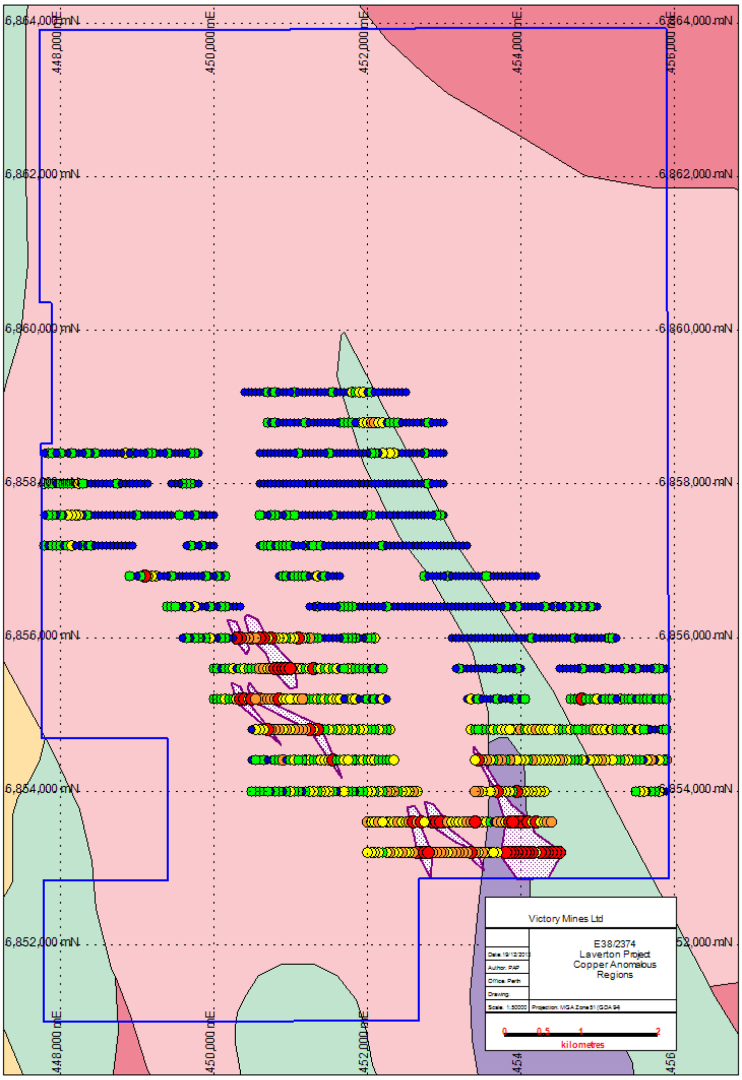

Figure 4 – Copper Anomalous Regions

The full disclosure was originally reported in an ASX announcement dated 2 January 2014 (Revised Exploration Update). The reader should refer to this announcement for full JORC Compliance Table information.

The results from the auger programme are very encouraging and the Company is looking forward to conducting further exploration. Having anomalies in respect to gold, nickel and copper is viewed as being significant in a tenement that is very much "under-explored".

The Laverton project is joint venture of which Victory is the manager and operator and in which Victory owns 70% of the project.

Planned follow up work will be to expand the auger geochemical programme to infill the areas already defined on a closer spaced pattern to more clearly define the anomalies and extend the auger programme to areas that have not yet been sampled to assist in define further areas of interest.

Jungle Well (E29/679)

A 1,305 sample auger programme conducted. Previous auger programmes had identified many anomalous areas for both Rare Earth Oxides (REO's) as well as gold. This programme (which was conducted in June 2014) was designed to both infill previous areas of interest as well as to extend the programme to cover much more extensive areas of the tenement that had never been sampled.

Previous explorers discovered rare earth oxide (REO) mineralisation from trench sampling at the Redlings 3 prospect. Values of up to 12.8% total REO (with an average of 4.5% total REO) have been recorded from 20 samples within the trenches, which cover a strike length of approximately 80 metres. While REO's were recently discovered, past explorers also identified the Redlings 1 and 2 prospects which lie on the same regional structure as Redlings 3. An auger programme conducted in 2013 highlighted several gold and REO anomalies which some of which were open along and across strike. These areas were infilled or extended. A broader programme collected samples on a 100m x 500m pattern so that a much greater part of the tenement could be covered by geochemical soil sampling. Figure 5 shows the sample locations.

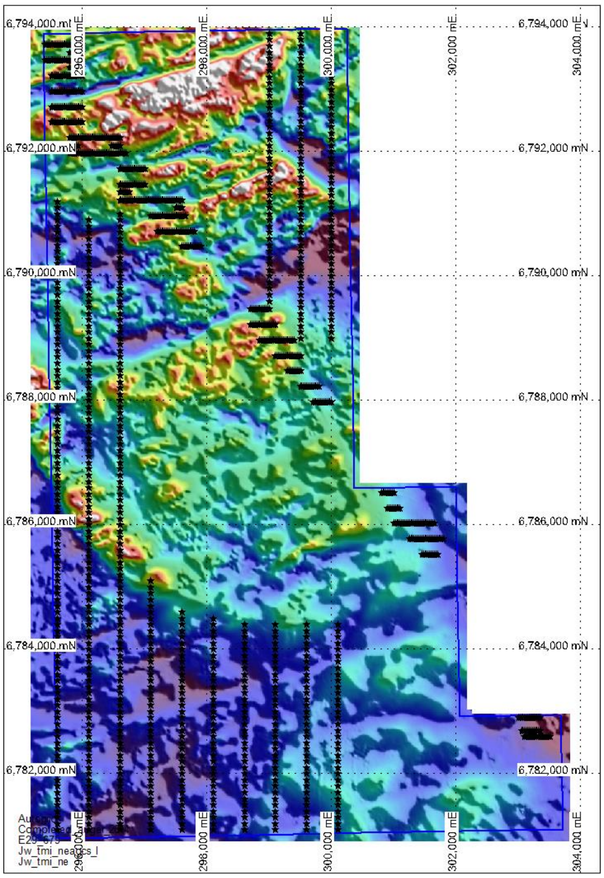

Figure 5 – Auger Sample Locations

Samples are currently in the laboratory and results will be reported when they become available.

In June 2014, the tenement had to be reduced in size from 25 to 15 graticular blocks (a compulsory 40% reduction). Figure 6 shows the retained part of the original application.

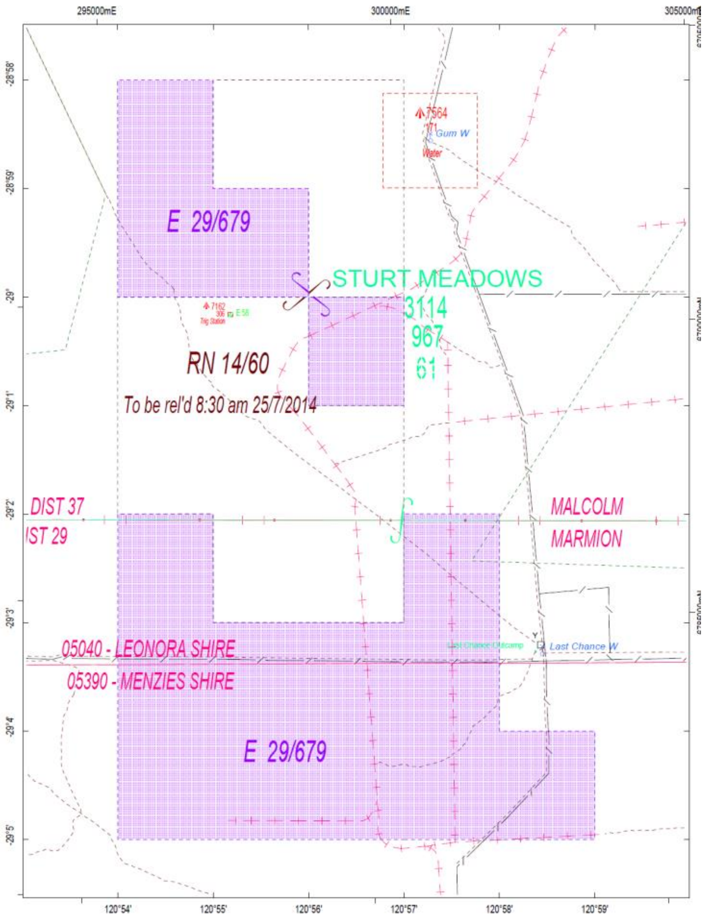

Figure 6 – Retained Section of Licence

Station Bore (E69/2872)

At the Company's Station Bore project (E69/2872) no field work was conducted during the year. Due to very heavy rain in December and January, access to the tenement was impossible and the planned ground scintillometer survey as well as an auger geochemical sampling programme had to be postponed.

The scintillometer survey was to explore the uranium anomalies defined earlier by a combined low level radiometric and magnetic survey which was flown in 2012. The auger programme was to consist of 1,383 samples collected on a 100m x 400m pattern to cover the entire tenement.

It is expected that the survey will occur later in 2014.

Clara Hills Project (E04/1533, 2026, 2142 and 2060)

Under the terms of the Joint Venture Agreement between Victory and the other parties, Victory had to pay an additional $250,000 for the option agreement to be extended for another three years.

The following activities were undertaken during the year and Victory believes that the drilling results downgraded the project significantly and withdrew from the project and relinquished it in September 2013. Exploration expenditure recorded against the project for the year has been fully impaired.

During May 2013, a helicopter Versatile Time-Domain Electromagnetic (VTEM) survey was flown over an area of 21 sqkm of favourable rock units. The survey showed the existence of seven Electromagnetic (EM) conductors, four of which are considered to be "strong" and three "moderate". Field checking was conducted to determine if there were any surface expressions to assist in the interpretation of the conductors. The map below shows the location of the defined EM conductors. Anomalies 1, 2, 3 and 4 were considered "strong" while anomalies 5, 6 and 7 were considered "moderate".

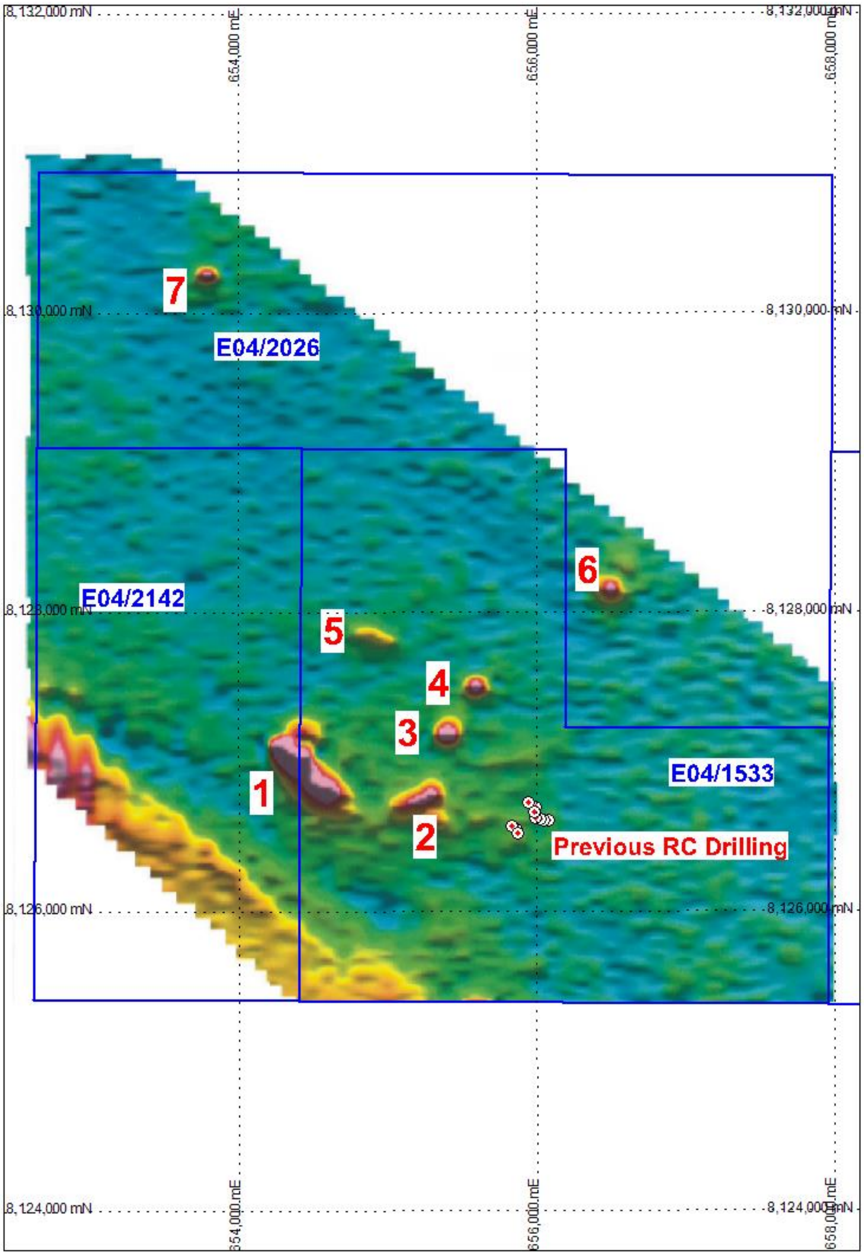

Figure 7 – Location of VTEM anomalies and previous RC drilling

A follow up Fixed Loop Transient Electromagnetic (FLTEM) ground EM survey was then conducted on anomalies 1, 2, 3, 4 and 5 during September 2013. Although the VTEM survey identified anomaly 2 as being 'strong" the FLTEM survey was only conducted on the western portion as the terrain to the east was too rugged and steep. This survey identified strong conductors in all areas surveyed. Figure 8 below shows the FLTEM response over the areas surveyed.

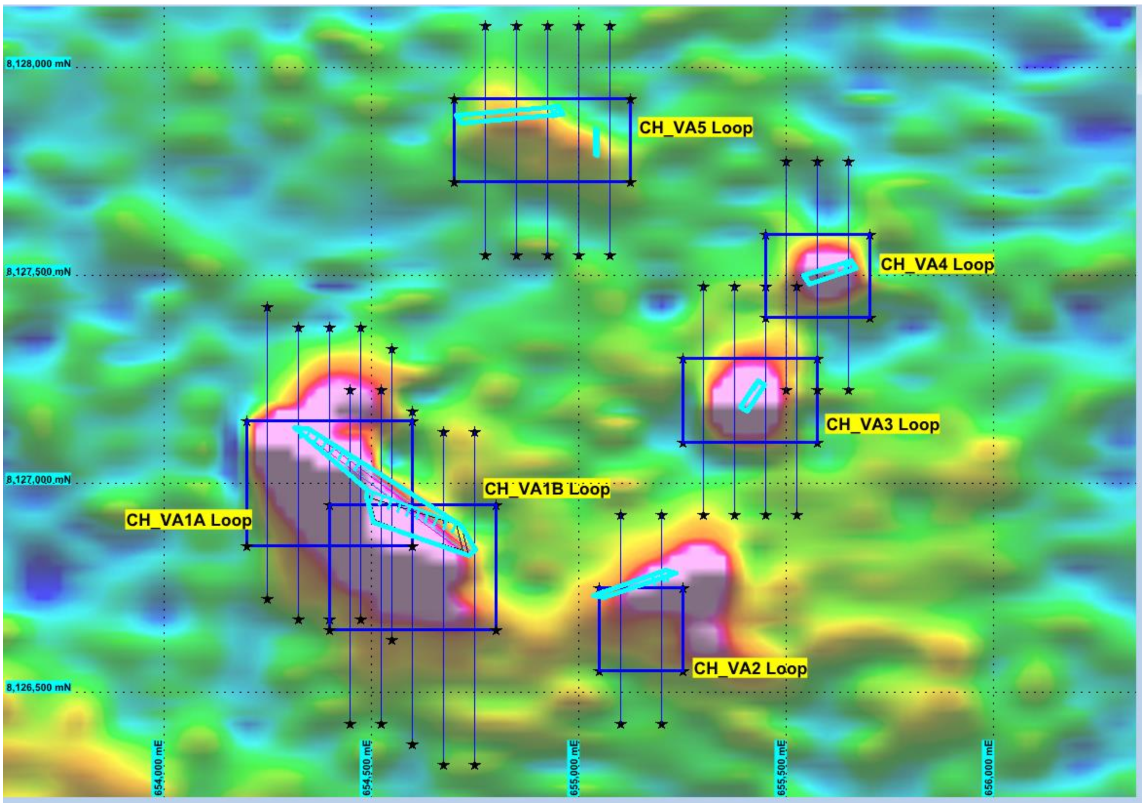

Figure 8 – Defined conductor targets over the initial VTEM survey results

An RC drilling programme was then designed to drill test the 5 targets identified from the FLTEM survey. However, anomaly 3 could not be drilled as the terrain was too steep to allow rig access. The programme ended up consisting of 4 holes totally 672 metres.

Table 1 shows the hole details while Table 2 shows the significant assay results.

Target	Hole ID	E	N	Dip	Azimuth	EOH
1A	CHRC012	654360	8127055	-60	45	150
2	CHRC013	655158	8126656	-50	358	204
4	CHRC014	655580	8127470	-60	45	162
5	CHRC015	654870	8127850	-70	45	156

Table 1 – Drill Hole Collar details

Hole ID	From (m)	To (m)	Intercept (m)	Ni%	Cu%
CHRC012	107	113	6	0.449	0.131
CHRC013	148	150	2	0.216	0.071
and	151	154	3	1.28	0.212
and	156	158	2	0.299	0.236
and	191	203	12	0.391	0.143
CHRC014	No Significant results				
CHRC015	No Significant results				

Table 2 – Significant Assay Results

Great Doolgunna (E51/1455)

No field work was conducted and the tenement formally surrendered in October 2013.

Lake Barlee (E29/829)

No field work was conducted and the tenement formally surrendered in December 2013.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Western Australian Projects is based on information compiled by Mr Peter Peebles who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the AIG. Mr Peebles is employed by Darlington Geological Services Pty Ltd and is also the Technical Director of Victory Mines Ltd. Mr Peebles has sufficient experience which is 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peebles consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

EVENTS AFTER THE REPORTING PERIOD

- On 5 August 2014, the Company announced that it had consented to a final stop order from ASIC on the Prospectus issued on 1 May 2014 to the shareholders of SAT, the Company has consented to a final stop order from ASIC whereby no offers could be made under the Prospectus dated 30 April 2014.
- On 12 September 2014, the Company issued an updated Prospectus for the acquisition of SAT.
- On 12 September 2014, the Company issued the Notice of General Meeting to be held on 17 October 2014 for the approval to be given to the Company to complete the acquisition of SAT. In addition, the Company is also seeking an approval to raise up to $2,000,000.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

INFORMATION ON DIRECTORS

Dr James Ellingford	***Non-Executive Chairman***
D.Mgt, MBA, Post Grad Corp Man, AICD	Dr Ellingford's professional life culminated in being President of an international publicly listed billion dollar business with its headquarters in Geneva, Switzerland and New York, USA. He has vast experience in the international arena and has successfully developed close ties with both financial institutions as well as governments throughout the world. Dr Ellingford holds a Post Graduate in Corporate Management, a Masters in Business Administration as well as a Doctorate in Management. Dr Ellingford also lecturers MBA students in Corporate Governance at a leading Sydney University and has a keen interest in ethics and governance.
Interest in Shares and Options	1,050,000 fully paid ordinary shares 1,250,000 options exercisable at $0.20 on 05/10/2015 137,500 options exercisable at $0.20 on 09/04/2015 1,000,000 options exercisable at $0.03 on 31/12/2016
Directorships held in other listed entities	Capital Mining Limited (since 8 January 2013) Dourado Resources Limited (since 9 January 2014)
Mr Peter Peebles	***Executive Director (Technical)***
BA (Esc), MAusIMM, AIG	Mr Peebles is a geologist, with 25 years' experience in gold, manganese, lateritic nickel, uranium, iron ore and base metals. He has worked extensively within the Yilgarn and Pilbara regions of Western Australia as well as in the Kimberley. He has also worked in the Philippines and New Zealand. He has been Exploration Manager, Project Manager and Mine Manager for both large and small public companies as well as being a consultant geologist. Mr Peebles is Victory Mines' Technical Director and is currently the Exploration Manager for two public companies. He is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.
Interest in Shares and Options	782,055 fully paid ordinary shares 250,000 options exercisable at $0.20 on 05/10/2015 145,514 options exercisable at $0.20 on 09/04/2015 200,000 options exercisable at $0.03 on 31/12/2016
Directorships held in other listed entities	None

Mr Ashley Hood	***Non-Executive Director***
	Mr Hood has over twelve years' experience in the mining industry working in exploration and operations for junior and large miners including Anglo Gold Ashanti. Mr Hood has broad senior management experience, delivering exploration outcomes through all aspects of project management. Mr Hood's skills in people management, project planning and contractual negotiations are supported by experience in exploration and mining activities from JORC resource definitions, mining licence applications, various mining & finance studies to geophysical / geochemistry programs on some of Australia's major exploration and JORC projects. Mr Hood is a Director of XTL Energy International Limited, an international energy developer with international technology licencing agreements also Mr Hood is on the board of TSX listed companies and COO for two ASX companies. Mr Hood is currently completing his Masters of Business Degree at the University of Technology, Sydney.
Interest in Shares and Options	705,616 fully paid ordinary shares 250,000 options exercisable at $0.20 on 05/10/2015 200,000 options exercisable at $0.03 on 31/12/2016
Directorships held in other listed entities	Global Metals Exploration NL (20 January 2011 – January 2014)
Mrs Elizabeth Hunt	***Company Secretary***
BSc, MAcc, GIA(Cert), GAICD	Mrs Hunt has over fifteen years corporate and accounting experience with a particular interest in governance. Mrs Hunt has been involved in the IPO management, corporate advisory and company secretarial services, financial accounting and reporting and ASX and ASIC compliance management. Mrs Hunt holds a BSc degree in Sustainable Development and has completed a Master of Accounting, the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors. Mrs Hunt is currently also Company Secretary of a number of ASX listed entities.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Victory and for the executives receiving the highest remuneration.

1. Employment Agreements

Mr Peter Peebles is engaged by the Company in an executive capacity as an Executive Technical Director. Mr Peebles' contract is for a term of 3 years from 27 October 2011 with the option to extend for a further 3 years. Under the terms of the agreement, Mr Peebles' directors' fee is $15,000 per annum plus statutory superannuation. Annually the Company will issue Mr Peebles 100,000 shares and 100,000 options (these shares and options cannot have a monetary value of more than $100,000 combined) which will be subject to shareholder approval. The Company may terminate Mr Peebles' contract by giving Mr Peebles a minimum of 3 months written notice or by paying Mr Peebles 3 months' salary in lieu of notice. Mr Peebles may terminate the contract by giving 3 months written notice to the Company. In addition to the director's fee, a daily rate of up to $1,050 per day will be paid for consulting services as provided.

Appointments of non-executive directors James Ellingford and Ashley Hood are formalised in the form of service agreements between themselves and the Company. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act.

Mr Hood is entitled to receive directors' fee of $40,000 per annum plus statutory superannuation. In addition to the Non-Executive salary, a daily rate of up to $850 per day will be paid for consulting services as provided. Annually the Company will issue Mr Hood 100,000 shares and 100,000 options (these shares and options cannot have a monetary value of more than $100,000 combined).

Dr Ellingford is entitled to receive directors' fee of $130,000 per annum plus statutory superannuation. Annually the Company will issue Dr Ellingford 250,000 shares and 500,000 options, subject to shareholder approval.

2. Remuneration policy

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. Currently those long-term incentives include shares and options acquired by the executives prior to the Australian Securities Exchange listing of the Company and future shares and options as set out above. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of shares and options. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Board's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive director receives a superannuation guarantee contribution required by the government, which as at the date of this report is 9.5%, and does not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan.

3. Options issued as part of remuneration for the period ended 30 June 2014

During the period no options were issued to employees.

4. Details of remuneration for the period ended 30 June 2014

The remuneration for each key management personnel of the Company during the period was paid or due to be paid as follows:

Key Management Person	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Value of Options Remuneration	Performance Related
	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
Directors								
James Ellingford	130,000	12,025	-	4,500(i)	3,330(i)	149,855	2.22	-
Peter Peebles (ii)	15,000	1,388	-	1,800(i)	660(i)	18,848	3.50	-
Ashley Hood (ii)	40,000	3,700	-	1,800(i)	660(i)	46,160	1.43	-
	185,000	**17,113**	**-**	**8,100**	**4,650**	**214,863**	**7.15**	**-**

(i) James Ellingford, Peter Peebles and Ashley Hood were issued equivalent $7,830, $2,460 and $2,460 respectively as share based payments as per their contract agreements with the Company and as approved by shareholders.

(ii) In addition to the above amounts, Darlington Geological Services was paid $66,150 for geological services performed by Peter Peebles during the year. During the year Ashley Hood was paid $7,650 in consulting fees.

(iii) Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is a director, was paid or due to be paid $132,040 for company secretarial, accounting and bookkeeping services.

Remuneration information for each key management personnel of the Company for the 2013 financial year was paid or due to be paid as follows:

Key Management Person	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Value of Options Remuneration	Performance Related
	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
Directors								
James Ellingford	122,841	3,578	-	-	-	126,419	-	-
Peter Peebles (ii)	12,840	-	-	12,411(i)	-	25,251	-	-
Ashley Hood (ii)	27,590	2,516	-	31,123(i)	-	61,229	-	-
Danny Costick (iv)	175,000	15,750	164,378	-	-	355,128	-	-
	338,271	**21,844**	**164,378**	**43,534**	**-**	**568,027**	**-**	**-**

(i) Peter Peebles and Ashley Hood were issued equivalent $12,411 and $31,123 respectively as share based payments as per their contract agreements with the Company and as approved by shareholders.

(ii) During the year Darlington Geological Services was paid $138,000 for geological services performed by Peter Peebles. During the year Ashley Hood was paid $3,400 in consulting fees.

(iii) Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is an employee, was paid or due to be paid $250,425 for IPO management and company secretarial, accounting and bookkeeping services.

(iv) Danny Costick left the Company on 1 February 2013.

5. Options and Rights Over Equity Instruments Granted as Compensation

Details of options over ordinary shares in the Company that were granted in 2014 are as follows. Options are valued using the Black & Scholes valuation method.

Director/Key Management Personnel	Number Options Granted	Grant Date	Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	Number Options Vested During Period
James Ellingford	1,000,000	29 November 2013	$0.0033	$0.03	31 December 2016	1,000,000
Peter Peebles	200,000	29 November 2013	$0.0033	$0.03	31 December 2016	200,000
Ashley Hood	200,000	29 November 2013	$0.0033	$0.03	31 December 2016	200,000

No options have been exercised or lapsed during the period.

Details of options over ordinary shares in the Company that were granted in 2013 are as follows.

Director/Key Management Personnel	Number Options Granted	Grant Date	Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	Number Options Vested During Period
James Ellingford	1,250,000	21 October 2011	-	$0.20	9 October 2015	1,250,000
Peter Peebles	250,000	1 March 2012	-	$0.20	9 October 2015	250,000
Ashley Hood	250,000	1 March 2012	-	$0.20	9 October 2015	250,000

Shareholdings

Number of Shares held by Key Management Personnel during the period was as follows:

Director / Key Management Personnel	Balance 01.07.2013 No.	Granted as Compens-ation No.	Net Change Other No.	Balance 30.06.2014 No.
James Ellingford	550,000	500,000	-	1,050,000
Peter Peebles	582,055	200,000	-	782,055
Ashley Hood	505,616	200,000	-	705,616
Total	**1,637,671**	**900,000**		**2,537,671**

Director / Key Management Personnel	Balance 01.07.2012 No.	Granted as Compens-ation No.	Net Change Other No.	Balance 30.06.2013 No.
James Ellingford	500,000	-	50,000	550,000
Peter Peebles	520,000	62,055	-	582,055
Ashley Hood	350,000	155,616	-	505,616
Total	**1,370,000**	**217,671**	**50,000**	**1,637,671**

Options Holdings

Number of Options held by Key Management Personnel during the period was as follows:

	Balance 01.07.2013 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.06.2014 No.	Total Vested 30.6.2014 No.
Directors						
James Ellingford	1,250,000*	1,000,000	-	137,500	2,387,500	2,387,500
Peter Peebles	250,000*	200,000	-	145,514	595,514	595,514
Ashley Hood	250,000*	200,000	-	-	450,000	450,000
Total	**1,750,000**	**1,400,000**	**-**	**283,014**	**3,433,014**	**3,433,014**

*All the above options are vested as at reporting date, but are held in escrow until 24 months from the date of listing which was 3 October 2012.

Number of Options Held by Key Management Personnel as at 30 June 2013 was as follows:

	Balance 01.07.2012 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2013 No.	Total Vested 30.6.2013 No.
Directors						
James Ellingford	1,250,000	-	-	-	1,250,000	1,250,000
Peter Peebles	250,000	-	-	-	250,000	250,000
Ashley Hood	250,000	-	-	-	250,000	250,000
Total	**1,750,000**	**-**	**-**	**-**	**1,750,000**	**1,750,000**

All the above options are vested as at reporting date, but are held in escrow until 24 months from the date of listing which was 9 October 2012.

End of Remuneration Report

MEETINGS OF DIRECTORS

During the financial period, 5 meetings of directors were held. Attendances by each director during the period were as follows:

	Board Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Peebles	5	5	1	1
Ashley Hood	5	4	1	1
James Ellingford	5	5	1	1

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company's operations are subject to significant environmental regulation under the law of the Commonwealth and State in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations. The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial period. The directors will reassess this position as and when the need arises.

INDEMNIFYING AND INSURANCE OF OFFICERS

The Company has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

OPTIONS

At the date of this report, the unissued ordinary shares of Victory Mines Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
9 April 2015	$0.20 (quoted)	9,429,007
9 October 2015	$0.20	41,500,000
9 October 2017	$0.20	4,000,000
9 October 2015	$0.40	4,658,000
31 December 2016	$0.03	78,262,500

During the period ended 30 June 2014, no ordinary shares of Victory Mines Limited were issued on the exercise of options. No further shares have been issued as a result of the exercise of options since year end.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

NON-AUDIT SERVICES

There were no fees paid or payable to the external auditors for non audit services provided during the year ended 30 June 2014 (2013: Nil).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2014 has been received and can be found on page 21 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

Dr James Ellingford

Chairman
Dated this 26th day of September 2014

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Victory Mines Limited and its controlled entities for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys	Doug Bell
BENTLEYS	**DOUG BELL CA**
Chartered Accountants	**Director**

Dated at Perth this 26th day of September 2014

Independent Auditor's Report

To the Members of Victory Mines Limited

Bentleys®
THINKING AHEAD

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We have audited the accompanying financial report of Victory Mines Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of Victory Mines Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of $6,491,130 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Victory Mines Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Doug Bell

DOUG BELL CA
Director

Dated at Perth this 26th day of September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue		13,191	25,151
Administration expenses		(1,119,531)	(747,200)
Consulting fees		(2,414,140)	(1,399,127)
Directors fees		(214,524)	(457,823)
Exploration expenditure impaired	9	(2,703,787)	(1,391)
Deferred acquisition costs	9	(46,272)	-
Travel and accommodation		(57,516)	(96,271)
Loss on disposal of investments		(72,436)	-
Unrealised gain on investments		123,885	-
Depreciation		-	(1,636)
Loss before income tax expense		**(6,491,130)**	(2,678,297)
Income tax expense	2	-	-
Loss for the period		**(6,491,130)**	(2,678,297)
Other comprehensive income		-	-
Other Comprehensive Income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		**(6,491,130)**	(2,678,297)
Loss Per Share			
Basic and diluted loss per share (cents per share)	3	(1.78)	(2.88)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	26,146	67,223
Trade and other receivables	5	81,829	75,228
Financial assets	6	19,885	-
Other assets	9	43,420	-
TOTAL CURRENT ASSETS		**171,280**	**142,451**
NON-CURRENT ASSETS			
Prepayment	7	295,000	295,000
Plant & Office Equipment	8	-	5,000
Exploration and evaluation expenditure	9	537,683	2,782,717
TOTAL NON-CURRENT ASSETS		**832,683**	**3,082,717**
TOTAL ASSETS		**1,003,963**	**3,225,168**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	521,530	389,746
TOTAL CURRENT LIABILITIES		**521,530**	**389,746**
TOTAL LIABILITIES		**521,530**	**389,746**
NET ASSETS		**482,433**	**2,835,422**
EQUITY			
Issued capital	11	9,592,157	5,458,636
Reserves		656,587	651,967
Accumulated losses		(9,766,311)	(3,275,181)
TOTAL EQUITY		**482,433**	**2,835,422**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Reserves	Accumulated losses	Total
	$	$	$	$
Balance at 1 July 2012	**1,093,726**	**170**	**(596,884)**	**497,012**
Loss for the period	-	-	(2,678,297)	(2,678,297)
Other comprehensive income	-	-	-	-
Total comprehensive income	1,093,726	170	(3,275,181)	(2,181,285)
Transactions with owner directly recorded in equity				
Shares issued during the period	5,555,604	-	-	5,555,604
Options issued during the period	-	651,797	-	651,797
Share issue costs	(1,190,694)	-	-	(1,190,694)
Balance at 30 June 2013	**5,458,636**	**651,967**	**(3,275,181)**	**2,835,422**

	Issued Capital	Reserves	Accumulated losses	Total
	$	$	$	$
Balance at 1 July 2013	**5,458,636**	**651,967**	**(3,275,181)**	**2,835,422**
Loss for the period	-	-	(6,491,130)	(6,491,130)
Other comprehensive income	-	-	-	-
Total comprehensive income	5,458,636	651,967	(9,766,311)	(3,655,708)
Transactions with owner directly recorded in equity				
Shares issued during the period	4,422,600	-	-	4,422,600
Options issued during the period	-	4,620	-	4,620
Share issue costs	(289,079)	-	-	(289,079)
Balance at 30 June 2014	**9,592,157**	**656,587**	**(9,766,311)**	**482,433**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(851,973)	(2,665,887)
Exploration and evaluation expenditure		(604,300)	(625,198)
Interest received		2,126	25,151
Net cash (used in) operating activities	14	**(1,454,147)**	**(3,265,934)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(141,065)	(145,000)
Proceeds from sale of investments		161,564	-
Purchase of plant & equipment		-	(6,636)
Purchase of exploration prospects		-	(4,500)
Net cash (used in) provided by investing activities		**20,499**	**(156,136)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,485,000	4,102,070
Proceeds from issue of options		-	94,290
Proceeds from unissued shares		19,000	-
Payment of transaction costs associated with capital raising		(111,429)	(903,132)
Net cash provided by financing activities		**1,392,571**	**3,293,228**
Net increase/ (decrease) in cash held		(41,077)	(128,842)
Cash at beginning of financial period		67,223	196,065
Cash at end of financial period	4	**26,146**	**67,223**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Victory Mines Limited and Controlled Entities (the "Company"). Victory Mines is a public Company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26th September 2014 by the directors of the Company.

Basis of Preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Comparatives
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Accounting Policies
The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

a) **Principles of Consolidation**

A controlled entity is an entity over which Victory Mines Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have be included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b) **Going Concern**

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss for the year ended 30 June 2014 of $6,491,130 (2013: $2,678,297) and net cash outflows from operating activities of $1,454,147 (2013: 3,265,934), and as at that date had a working capital deficiency of $350,250 (2013: $247,295).

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Company successfully raising additional capital and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

Subsequent to year end, the Company raised $120,000 via a private placement for the issue of 24,000,000 shares at $0.005.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Included in this forecast is the receipt of $2 million in October 2014 pursuant to the prospectus announced on 12 September 2014. The Directors are confident that the shareholders will approve the resolutions at the general meeting to be held on 17 October 2014, and in particular in light of the interest generated from the proposed acquisition of South American Tin ("SAT"), are confident that sufficient capital will be raised.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date and the interest in the proposed acquisition of SAT, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

c) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

c) **Income Tax (continued)**

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) **Plant and Equipment**

Items of plant and equipment are measured on the cost basis.
The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Office equipment	40.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e) **Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

e) **Exploration and Evaluation Expenditure (continued)**

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

f) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

g) **Financial Instruments**

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a) the amount at which the financial asset or financial liability is measured at initial recognition;

b) less principal repayments;

c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d) less any reduction for impairment.

g) **Financial Instruments**

Classification and subsequent measurement (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

- Financial assets at fair value through profit and loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance valuation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in the carrying value being included in profit or loss.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

- Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

- Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

g) **Financial Instruments (continued)**

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h) **Impairment of Assets**

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j) **Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

l) **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

m) **Borrowing Costs**

All borrowing costs are recognised as expense in the period in which they are incurred.

n) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d).

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 16.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model, or the quoted bid price where applicable.

p) **New accounting standards for application in the current period**

In the current year, the Company has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

q) **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

r) **Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordannce with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

s) **New accounting standards for application in future periods**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

	2014 $	2013 $
NOTE 2: INCOME TAX EXPENSE		
a. Recognised in the income statement:		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
b. Reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(6,491,130)	(2,678,297)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,947,339)	(803,489)
Increase in income tax due to:		
- Non-deductible expenses	900,955	15,564
- Current period tax losses not recognised	545,874	812,117
- Derecognition of previously recognised tax losses	602,923	-
- Current year capital losses not recognised	19,888	-
Decrease in income tax expense due to:		
- Deductible equity raising costs	(85,037)	(67,692)
- Movement in unrecognised temporary differences	(37,165)	43,500
- Non-assessable income	(99)	-
Income tax attributable to operating loss	-	-
c. Recognised deferred tax assets		
Tax losses	140,939	743,861
Accruals	6,465	72,246
Plant & Equipment	-	-
Previously Expensed Blackhole Costs	13,902	18,708
Total	161,305	834,815
Less: Set off of deferred tax liabilities	161,305	834,815
Net deferred tax asset	-	-
d. Recognised deferred tax liabilities		
Exploration expenditure	(161,305)	834,815
Prepayments	-	-
Total	(161,305)	834,815
Less: Set off of deferred tax assets	(161,305)	834,815
Net deferred tax liabilities	-	-

NOTE 2: INCOME TAX EXPENSE (CONTINUED)

	2014 $	2013 $
e. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%:		
Deferred tax assets have not been recognised in respect of the following (30%):		
Deductible temporary differences	264,639	300,117
Tax revenue losses	2,150,089	988,232
Tax capital losses	19,888	-
Total Unrecognised deferred tax assets (30%)	2,434,615	1,288,349

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 3: EARNINGS PER SHARE

	2014 Cents per share	2013 Cents per share
Basic and diluted loss per share	(1.78)	(2.88)

The loss and weighted average number of ordinary shares used in this calculation of basic and diluted loss per share are as follows:

	$	$
Loss	(6,491,131)	(2,678,297)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	364,732,212	92,866,480

As the Company is in a loss position the options outstanding at 30 June 2014 have no dilutive effects on the earnings per share calculation.

	2014 $	2013 $
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash and Cash at bank	**26,146**	**67,223**
	26,146	**67,223**

NOTE 5: TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	37,495	75,228
Other	44,334	-
	81,829	**75,228**

NOTE 6: FINANCIAL ASSETS		
Current		
Financial assets at fair value through profit and loss		
- Gross amount listed entities (level 1)	41,000	101,500
Less provision for diminution in value of investment	(21,115)	(101,500)
	19,885	**-**

Included within level 1 of the hierarchy of financial instruments is the fair value of financial instruments traded in active market based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

NOTE 7: OTHER ASSETS		
Non-Current		
Prepayments	295,000	295,000
	295,000	**295,000**

NOTE 8: PLANT & OFFICE EQUIPMENT	2014 $	2013 $
Plant and office equipment		
At cost	-	6,636
Accumulated depreciation	-	(1,636)
	-	**5,000**

NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE	**2014 $**	**2013 $**
Exploration expenditure capitalised		
- Exploration and evaluation phase	537,683	2,782,717
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
- Carrying amount at the beginning of the period	2,782,717	110,200
- Deferred exploration expenditure	43,420	-
- Costs capitalised during the period	415,333	2,673,908
- Costs impaired during the period (i)	(2,703,787)	(1,391)
Carrying amount at the end of the period	**537,683**	**2,782,717**

(i) During the year the Company relinquished Great Doolgunna (E51/1455), Lake Barlee (E29/829) and Clara Hills (E04/1533, 2026, 2142 and 2060) projects resulting in an impairment loss of $2,703,787.

(ii) The Company participated in Jungle Well, Laverton and Station Bore joint operations during the year. The Group currently bears 100% of Joint Operations expenses which are capitalised as exploration expenditure.

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 10: TRADE AND OTHER PAYABLES	**2014 $**	**2013 $**
Current		
Sundry payables and accrued expenses	521,530	389,746

Trade creditors are expected to be paid on 30 day terms.

NOTE 11: ISSUED CAPITAL

	2014 No.	2014 $
Fully paid ordinary shares with no par value	-	-
Movement in ordinary shares		
Balance at beginning of period	**72,594,022**	**5,458,636**
Placement shares issued on 9 September 2013	68,500,000	685,000
Placement shares issued on 12 September 2013	111,100,000	1,111,000
Placement shares issued on 17 September 2013	86,250,000	862,500
Placement shares issued on 14 October 2013	41,600,000	416,000
Directors' shares issued on 19 December 2013	900,000	8,100
Placement shares issued on 14 February 2014	75,000,000	750,000
Placement shares issued on 28 February 2014	66,666,667	400,000
Placement shares issued on 18 June 2014	23,750,000	190,000
Less:Transaction costs arising from issue of shares	-	(289,079)
Balance at 30 June 2014	**546,360,689**	**9,592,157**

	2013 No.	2013 $
Fully paid ordinary shares with no par value	-	-
Movement in ordinary shares		
Balance at beginning of period	**44,816,001**	**1,093,726**
IPO shares issued on 3 October 2012	20,010,350	4,002,070
Vendor shares issued on 3 October 2012	50,000	10,000
Vendor shares issued on 3 October 2012	3,500,000	700,000
Director shares issued on 25 October 2012	217,671	43,534
Vendor shares issued on 29 November 2012	4,000,000	800,000
Less:Transaction costs arising from issue of shares	-	(1,190,694)
Balance at 30 June 2013	**72,594,022**	**5,458,636**

Terms and conditions of issued capital

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 11: ISSUED CAPITAL (CONTINUED)
Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

	2014	**2013**
	$	**$**
Cash and cash equivalents	26,146	67,223
Trade and other receivables	81,829	75,228
Other assets	63,305	-
Trade and other payables	(521,530)	(389,746)
Working capital position	(350,250)	(247,295)

A summary of the movements of all company options issued is as follows:

	Number	**Weighted Average Exercise Price ($)**
Options outstanding as at 1 July 2012	-	-
Issued (i)	59,587,007	0.20
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2013	59,587,007	0.20
Options outstanding as at 1 July 2013	59,587,007	
Issued (ii)	78,262,500	0.03
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2014	137,849,507	0.03

(i) Of these options, 5,450,000 unlisted options issued to directors and consultants are subject to an escrow period of 24 months from date of ASX listing, being 3 October 2012.

Of these options, 40,708,000 unlisted options issued to vendors are subject to an escrow period of 12 months from date of issue, being November 2011.

Of these options, 4,000,000 unlisted options issued to vendors are subject to Yerrida Basin tenement sale and joint venture agreement as per Prospectus dated 4 July 2012.

Of these options 9,429,007 listed options issued are subject to option entitlement issue.

(ii) Of these options, 76,862,500 unlisted options issued are the free attaching options issued as part of September/October 2013 placement.

Of these options, 1,400,000 unlisted options issued are subject to directors' options as per contract agreements.

Remuneration of Key Management Personnel

The totals of remuneration paid or due to be paid to the KMP of the Company during the period are as follows:

	2014	2013
	$	$
Short-term employee benefits	185,000(i)	338,271(ii)
Post-employment benefits	17,113	21,844
Other long-term benefits	-	-
Termination benefits	-	164,378
Share-based payments	12,750	43,534
Total Remuneration paid or due to be paid	214,863	568,027

(i) In addition to the above amounts Darlington Geological Services was paid $66,150 for geological services performed by Peter Peebles during the year. During the year Ashley Hood was paid $7,650 in consulting fees.

(ii) In addition to the above amounts Darlington Geological Services was paid $138,000 for geological services performed by Peter Peebles during the year. During the year Ashley Hood was paid $3,400 in consulting fees.

NOTE 13: AUDITORS' REMUNERATION

	2014	2013
	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	24,637	15,000
	24,637	15,000

NOTE 14: CASHFLOW INFORMATION

	2014	2013
	$	$
a. **Reconciliation of Cash Flow from Operations with Loss after Income Tax**		
Loss after income tax	(6,491,130)	(2,678,297)
Non-cash flows in loss		
Share Based Payments	-	43,534
Exploration expenditure impaired	2,703,787	-
Write-off other	4,316	-
Unrealised gain in financial asset	(123,885)	-
Loss on disposal on financial asset	72,436	-
Changes in assets and liabilities;		
(Increase)/decrease in trade and other receivables	(6,601)	(350,970)
(Increase)/decrease in prepayments	-	13,642
(Increase)/decrease in exploration expenditure	2,245,034	(561,249)
Increase/(decrease) in trade payables and accruals	141,896	267,406
Cashflow from operations	(1,454,147)	(3,265,934)

b. **Non-cash Financing and Investing Activities**

2014

- On 19 December 2013 Dr James Ellingford was issued shares and options in Victory Mines Limited to the value of $4,500 and $3,300 respectively as per employment agreement.

- On 19 December 2013 Peter Peebles was issued shares and options in Victory Mines Limited to the value of $1,800 and $660 respectively as per employment agreement.

- On 25 October 2012 Ashley Hood was issued shares and options in Victory Mines Limited to the value of $1,800 and $660 respectively as per employment agreement.

2013

- On 25 October 2013, Peter Peebles was issued shares in Victory Mines Limited to the value of $12,411 in lieu of cash directors' fees for the period between 27 October 2011 and 24 August 2012.

- On 25 October 2012, Ashley Hood was issued shares in Victory Mines Limited to the value of $31,123 in lieu of cash directors' fees for the period between 14 November 2011 and 24 August 2012.

NOTE 15: TRANSACTIONS WITH RELATED PARTIES

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

During the year Darlington Geological Services, a company of which the Technical Director, Peter Peebles is a director, was paid or due to paid an aggregate of $66,150 (2013: $138,000) for geological services.

During the year Ashley Hood was paid $7,650 (2013: $3,400) in consulting fees.

During the year Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is a director, was paid or due to be paid an aggregate of $132,040 for company secretarial, accounting and bookkeeping services. During the prior year Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt was an employee, was paid or due to be paid an aggregate $250,425 for company secretarial, accounting and bookkeeping services.

These transactions were made on commercial terms and conditions and at market rates.

NOTE 17: EVENTS AFTER REPORTING PERIOD

- On 5 August 2014, the Company announced that it had consented to a final stop order from ASIC on the Prospectus issued on 1 May 2014 to the shareholders of SAT, the Company has consented to a final stop order from ASIC whereby no offers could be made under the Prospectus dated 30 April 2014.

- On 12 September 2014, the Company issued an updated Prospectus for the acquisition of SAT.

- On 12 September 2014, the Company issued the Notice of General Meeting to be held on 17 October 2014 for the approval to be given to the Company to complete the acquisition of SAT. In addition, the Company is also seeking an approval to raise up to $2,000,000.

- On

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Company in future financial periods.

NOTE 18: SHARE BASED PAYMENTS

2014

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date $
Shares issued in lieu of services on 12 September 2013 as approved at GM	88,600,000	26/08/2013	0.01
Shares issued in lieu of services on 17 September 2013 as approved at GM	53,750,000	26/08/2013	0.01
Shares issued in lieu of services on 14 October 2013 as approved at GM	35,600,000	26/08/2013	0.01
Unlisted options issued on 19 December 2013 as per employment agreement exercisable at $0.03 on or before 31 December 2016 *	1,400,000	29/11/2013	0.0033
Shares issued in lieu of services on 14 February 2014 as approved at AGM	75,000,000	29/11/2013	0.01
Shares issued in lieu of services on 28 February 2014 as approved at AGM	66,666,667	29/11/2013	0.006

*** Fair value of options granted during the period:**

The options were deemed to have fair value of $0.0033 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.01
Exercise price	$0.03
Expected volatility	85%
Risk-free interest rate	2.50%

2013

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date $
Shares issued in lieu of directors' fees to Ashley Hood on 25 October 2012 approved at AGM	62,055	25/10/2012	0.20
Shares issued in lieu of directors' fees to Peter Peebles on 25 October 2012 approved at AGM	155,616	25/10/2012	0.20
Shares issued to Proto Resources & Investments Ltd (*)	3,500,000	03/10/2012	0.20
Shares issued to Darlington Geological Services (**)	50,000	03/10/2012	0.20
Shares and options issued to Proto Resources & Investments Ltd (***)	4,000,000 4,000,000	29/11/2012 29/11/2012	0.20 0.14

* In lieu of purchase consideration of Clara Hills option and acquisition agreements and Yerrida Basin tenement sale and joint venture agreement as per Prospectus dated 4 July 2012.
** As per Lake Barlee agreement as per Prospectus dated 4 July 2012.
*** As per Yerrida Basin tenement sale and joint venture agreement. Options exercisable at $0.20 on or before 9 October 2017.

The fair value of shares issued during the period as share based payments was determined by reference to the market value of the shares at grant date. The fair value of the options granted was determined using the Black & Scholes option valuation.

The aggregate value of share based payments for the financial year was $2,942,220.

NOTE 19: COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant authorities. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report. The actual expenditures to date on tenements have exceeded the minimum expenditure requirements specified by the relevant authorities during the current tenement grant periods.

	2014 $	2013 $
Not Longer than 12 months	118,000	215,904
Between 12 months and 5 years	181,342	421,013
Longer than 5 years	-	-
	299,342	636,917

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

There are no other commitments at 30 June 2014.

NOTE 20: CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities as at 30 June 2014.

NOTE 21: OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the period, the Company is managed primarily on the basis of one segment being mineral exploration in Australia.

NOTE 22: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Company's surplus funds are invested with AA Rated financial institutions.

The Company does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company does not have a material exposure to market risk at present.

Interest rate risk

The Company manages interest rate risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Interest rate sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The tables indicates the impact of how profit and equity values reports at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

At 30 June 2014, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

CHANGE IN LOSS	**Change** **$** **2014**	**Change** **$** **2013**
Increase in interest rate by 200 basis points	523	1,344
Decrease in interest rate by 200 basis points	(523)	(1,344)

CHANGE IN EQUITY	**Change** **$** **2014**	**Change** **$** **2013**
Increase in interest rate by 200 basis points	523	1,344
Decrease in interest rate by 200 basis points	(523)	(1,344)

Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value. All financial assets and liabilities mature within 3 months. The only financial instrument which is required to be measured at fair value are its investments in listed companies. These are classified in the level 1 fair value hierarchy with values based on quoted bid prices on the ASX.

NOTE 23: PARENT INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

	2014 **$**	**2013** **$**
ASSETS		
Current Assets	466,380	437,551
Non-Current Assets	541,081	2,790,581
TOTAL ASSETS	**1,007,461**	**3,228,131**
LIABILITIES		
Current Liabilities	521,530	389,746
Non-Current Liabilities	-	-
TOTAL LIABILITIES	**521,530**	**389,746**
NET ASSETS	**485,931**	**2,838,386**

	2014 $	2013 $
EQUITY		
Issued Capital	9,592,157	5,458,636
Reserve	656,587	651,967
Accumulated losses	(9,762,813)	(3,272,217)
TOTAL EQUITY	**485,931**	**2,838,386**

STATEMENT OF FINANCIAL PERFORMANCE

	2014 $	2013 $
Loss for the year	(6,491,130)	(2,678,297)
Other comprehensive income	-	-
Total comprehensive income	**(6,491,130)**	**(2,678,297)**

There were no guarantees, contingent liabilities or commitments for the acquisition of property, plant and equipment entered into by the parent entity.

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at asx.com.au/about/corporate_governance/index.htm.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Performance Evaluation of Senior Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2.1
Recommendation 2.2 Independent Chairman	1.2.1
Recommendation 2.3 Role of the Chairman and CEO	1.2.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Performance Evaluation Processes	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2.1, 1.4.10, 2.3
Recommendation 3.1 Code of Conduct	5
Recommendation 3.2 Diversity Policy	4
Recommendation 3.3 Diversity Objectives	4
Recommendation 3.4 Diversity Reporting	4
Recommendation 3.5 Reporting on Principle 3	4 and 5
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	3.1
Recommendation 7.2 Risk Management Reporting	3.1
Recommendation 7.3 Attestations by CEO and CFO	1.4.11
Recommendation 7.4 Reporting on Principle 7	2.1.3 , 1.4.11
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2

Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2.4
Recommendation 8.4 Reporting on Principle 8	2.2 and 2.2.4

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chairman (if and when appointed) and other key executives in the performance of their roles.

1.2.1 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Dr James Ellingford and Mr Ashley Hood are Non-Executive Directors and independent directors as they meet the following criteria for independence adopted by the Company. The Board recognises that the following criteria is not exhaustive in determining the independence of directors.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- has not been employed in an executive capacity by the Company or another Company member since incorporation;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other Company member other than as a Director of the Company.
- their role is to advise the Company on matters pertaining to their expertise and provide governance in the best interests of the Company. Independent Directors do not participate in day to day operations or management of the Company and its affairs.
- are remunerated based on a set scale relating to the risks undertaken within their roles as Non-Executive Directors. Additional work engagements may be undertaken by independent Directors at commercial rates, however the Company and the Independent Directors must ensure that materiality thresholds are not breached.

Mr Peter Peebles is an Executive Director of the Company and do not meet the Company's criteria for independence. However, their experience and knowledge of the Company makes their contribution to the Board such that it is appropriate for them to remain on the Board.

1.2.2 Role of the Chairman and CEO

Recommendation 2.3 has been complied with as the Company currently does not have a CEO in place and appointed management is separate from the Chairman's position.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available on the Company's website.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that all new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders, the Company website and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information.

The Company's policy for shareholder communication is available on the Company's website.

1.4.9 Trading in Company Shares

On 3 July 2012 the Board adopted a Share Trading Policy. The Board periodically reminds directors, officers and employees of the prohibition in the Corporations Act 2001, and any other prohibited trading periods stated in the Share Trading Policy, concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds directors of their obligations under to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met. The Company's policy for trading in the Company's securities is available on the Company's website.

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct regular evaluation of its performance against appropriate measures. The evaluation process was introduced via the Board Charter adopted on 3 July 2012 and will be implemented for the financial period ended 30 June 2014. A performance evaluation of senior executives will be undertaken during the financial period ended 30 June 2014 in accordance with the Board Charter. The objective of this evaluation is to provide ongoing best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee

The audit committee was nominated on 27 February 2012 and comprises Dr James Ellingford (Chairman) and Mr Ashley Hood.

Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

The audit committee's role includes commenting on the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Audit Committee Charter

The Board has adopted an Audit Committee Charter which sets of the roles and responsibilities, composition, structure and membership requirements. The Audit Committee Charter forms the basis of the functions delegated to the audit committee. A copy of the Audit Committee Charter is available on the Company's website.

2.1.3 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which a Company published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.1.4 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole. On completion of the annual report, the Chairman and Company Secretary will provided the Board with written assurance that the financial statements are founded on a sound system of risk management and internal compliance. Their statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.1.5 External Auditor

The Board's has adopted a policy setting out criteria for the selection and appointment of an external auditor. A copy of this policy is available on the Company's website.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The remuneration committee was nominated on 27 February 2012 and comprises Mr Peter Peebles and Mr Ashley Hood.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

Current directors' Remuneration was reviewed by the remuneration committee on 26 August 2013.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. During the year there were no Non-Director Executives.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee, as performed by the full Board, include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Risk Management

3.1 Risk Management Policies

The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company,

- balance risk to reward,
- ensure regulatory compliance is achieved; and
- ensure senior management, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Board requires that each major transaction proposed to the Board for decision is accompanied by a risk assessment.

The Company's risk management strategy was formally reviewed by the Board on 3 July 2012 and was considered the Company's risk management strategy sound for addressing and managing risk. A copy of the strategy is available on the Company's website.

4. Diversity

The Company recognises and respects the value of diversity at all levels of the organisation.

The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – nil%
- to senior management – 25% (Company Secretary)
- to the organisation as a whole – 25% (Company Secretary)

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific.

The Company's objective for the next two years is to increase the proportion of women on the board, appointed to senior management and the organization as a whole however at this early stage of the Company's development it is not possible to set targets. The Board will review the targets as the Company's operations increase and personnel requirements are better understood.

The Remuneration Committee will report on the progress towards achieving these objectives annually and include details in the annual report.

5. Company Code Of Conduct

The Board adheres to and is responsible for enforcing the Code of Conduct set out in this Corporate Governance Statement.

The Company is committed to:

- applying the Company's funds efficiently to provide above average and sustainable return to shareholders through capital appreciation; and
- adopting high standards of occupational health and safety, environmental management and ethics.

The Board through the Managing Director (or in the absence of a Managing Director, the Chairman) monitors the Company's compliance with the Code of Conduct periodically. The Code of Conduct will be reviewed by the Board to ensure it reflects the standards of behaviour and practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct applies to all the directors and employees of the Company who must comply with all legal obligations and the Company policies.

The Board and the executives are obligated to avoid situations of real or apparent conflict of interest between them as individuals and as Directors or employees of the Company. If a situation where a conflict of interest arises the Managing Director (or in the absence of a Managing Director, the Chairman) is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Any breach of Corporate Governance is to be reported directly to the Managing Director (or in the absence of a Managing Director, the Chairman).

Corporate Responsibility

The Company complies with all legislative and common law requirements that affect its business, particularly environmental regulations, native title and cultural heritage laws.

A copy of the Company's Code of Conduct is available on the Company's website.

Victory Mines Limited
ABN 39 151 900 855

CORPORATE DIRECTORY

REGISTERED OFFICE

Victory Mines Limited
Level 11, 216 St George's Terrace
Perth, WA 6000
Tel: 08 9481 0389
Fax: 08 9463 6103

PRINCIPAL PLACE OF BUSINESS

Victory Mines Limited
1/249 Balcatta Road
Balcatta WA 6000
Email: info@victorymines.com.au
Web: www.victorymines.com.au

DIRECTORS

Dr James Ellingford – Non-Executive Chairman
Mr Peter Peebles – Technical Executive Director
Mr Ashley Hood – Non-Executive Director

COMPANY SECRETARY

Mrs Elizabeth Hunt

SHARE REGISTRAR

Automic Registry Services
Level 1, 7 Ventnor Avenue, West Perth WA 6005
Tel: 08 9324 2099 Fax: 08 9321 2337
Web: www.automic.com.au

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road, West Perth WA 6005

LAWYERS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street, Perth WA 6000

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the period ended on that date; and
   c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a) the financial records of the Consolidated entity for the financial period have been properly maintained in accordance with section 295A of the *Corporations Act 2001*;
   b) the financial statements and notes for the financial period comply with the Accounting Standards; and
   c) the financial statements and notes for the financial period give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dr James Ellingford,
Chairman

Dated this 26th day of September 2014

SHAREHOLDER INFORMATION

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 19 September 2014.

1. Shareholding

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary Shares (VIC)	Number $0.20 Quoted Options (VICO)
1 – 1,000	13	5
1,001 – 5,000	12	23
5,001 – 10,000	73	2
10,001 – 100,000	70	17
100,001 – and over	156	15
Total no. of holders	324	62

b. The number of shareholdings held in less than marketable parcels is 12.

		Ordinary Shares (VIC)	Quoted Options (VICO)
c.	Percentage of the 20 largest holders	66.14%	95.24%
d.	Total on issue	546,985,689	9,429,007

e. The Company has the following substantial shareholders listed in the Company's register as at 19 September 2014:

Holder	Number	%
Celtic Capital Pty Ltd <Celtic Capital No 2 A/C>	41,250,000	8.01
Nobel International Limited	40,500,000	7.86
Florella Holdings Pty Ltd <Florella A/C>	38,000,000	7.38

f. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

g. 20 Largest Shareholders as at 19 September 2014 Ordinary Fully Paid Shares

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1.	Celtic Capital Pty Ltd <Celtic Capital No 2 A/C>	41,250,000	8.01
2.	Nobel International Limited	40,500,000	7.86
3.	Florella Holdings Pty Ltd <Florella A/C>	38,000,000	7.38
4.	LBT Corp Pty Ltd	25,520,000	4.95
5.	First State Pty Limited	20,520,000	3.98
6.	Landpath Pty Ltd	20,000,000	3.88
7.	Yellow Sky Holding Pty	19,000,000	3.69
8.	Suburban Holdings Pty Ltd <The Suburban Super Fund A/C>	17,472,108	3.39
9.	Six Degrees Group Holding Pty Ltd	16,666,666	3.23
10.	Taycol Nominees Pty Ltd <211 A/C>	12,500,000	2.43
11.	Landpath Pty Ltd	11,006,556	2.14
12.	Mr Errol Bome & Mrs Melanie Bome <The Bome Super Fund A/C>	10,000,000	1.94
13.	Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C>	10,000,000	1.94
14.	Mr Howard Wicardy & Mr Kenneth Wicardy	10,000,000	1.94
15.	Mrs Maria Prpic	8,837,373	1.72
16.	Mr Andew Petrie & Mrs Edwina Petrie <Andrew Petrie S/F A/C>	8,000,000	1.55
17.	Rimoyne Pty Ltd	8,000,000	1.55
18.	Mr Dirk Seret & Mr Derek Seret & Mr Nicolaas Seret <Toptec Super No 2 A/C>	6,819,273	1.32
19.	Zelina Holdings Pty Ltd <The Jamis Family A/C>	6,800,000	1.32
20.	Troca Enterprises Pty Ltd <Coulson Super A/C>	6,620,000	1.28
		337,511,976	65.50

SHAREHOLDER INFORMATION

h. Listed below are the 20 largest $0.20 quoted option holders as at 19 September 2014

Name	Number of Quoted $0.20 Options Held	% Held of Quoted $0.20 Options Held
1. D M Lay Pty Limited	3,000,000	31.82
2. Petard Pty Ltd	1,000,000	10.61
3. Mr David Noel Riekie	686,389	7.28
4. Mr Kenneth Yu	537,500	5.70
5. Mr Anthony Bruce Hamilton	500,000	5.30
6. Equity Underwriters Pty Ltd <House A/C>	500,000	5.30
7. Howzat Pty Ltd	500,000	5.30
8. First State Pty Limited	400,000	4.24
9. Mirpin Pty Ltd <The Shephard Family A/C>	305,000	3.23
10. Mr Mario Dall'est	300,000	3.18
11. Dr John Corran Crawford	225,000	2.39
12. Commercial World Australia Pty Limited	200,000	2.12
13. Dr James Ellingford	132,500	1.41
14. Peter Peebles	112,500	1.19
15. Esselmont Pty Ltd <Esselmont A/C>	112,500	1.19
16. Global Metals Exploration N/L	100,000	1.06
17. Pot of Gold Enterprises Pty Ltd	100,000	1.06
18. Mr Dale Allan Bryan & Mrs Tracy Tzu-Lei Bryan <Bryan Investment A/C>	93,750	0.99
19. Mr Mario Paul Dall'est	89,000	0.94
20. ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	86,234	0.91
	8,980,373	95.24

2. Unquoted Securities

The Company has the following unquoted securities

- 34,742,671 fully paid ordinary shares escrowed until 9 October 2014
- 41,500,000 unlisted options exercisable at $0.20 on or before 9 October 2015
- 4,658,000 unlisted options exercisable at $0.40 on or before 9 October 2015
- 4,000,000 unlisted options exercisable at $0.20 on or before 9 October 2017
- 78,262,500 unlisted options exercisable at $0.03 on or before 31 December 2016

3. Use of Cash and Assets

The Company used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives stated in company's prospectus dated 4 July 2012.

SHAREHOLDER INFORMATION

AS AT 27 AUGUST 2014

Project	***Tenement***	***Interest held by Victory Mines Limited***
Jungle Well	E29/679	70%
Laverton	E38/2374	70%
Station Bore	E69/2872	70%

P Prospecting Licence

E Exploration Licence

M Mining Licence