



**VICTORY MINES LIMITED**  
**And its Controlled Entities**

**ABN 39 151 900 855**

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**ANNUAL REPORT**

**For the year ended 30 June 2015**

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**Victory Mines Limited**  
**ABN 39 151 900 855**

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# Victory Mines Limited

ABN 39 151 900 855

## DIRECTORS' REPORT

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Your directors present the following report on Victory Mines Limited ("the Company") and its wholly owned subsidiaries Victory Exploration Pty Ltd, North East Minerals Pty Ltd and South American Tin Limited (together referred to hereafter as "the Group") for the financial year ended to 30 June 2015.

For this report:

South American Tin Limited ("SAT") refers to the Company purchased by Victory Mines Limited ("VIC") on 11 December 2014. As required by Australian Accounting Standard AASB 3: Business Combination, VIC is deemed to have been acquired by SAT as at 11 December 2014 under the reverse acquisition rules.

Victory Mines Limited or Listed Entity or Company means only legal entity of Victory Mines Limited, which is listed on the Australian Stock Exchange (ASX: VIC). Victory Mines Limited is the legal parent of South American Tin Limited.

Consolidated Entity for the period ended 30 June 2015 means Victory Mines Limited and its subsidiaries and South American Tin Limited combined, where Victory Mines Limited is deemed to be acquired by South American Tin Limited as required by Australian Accounting Standard AASB 3.

Consolidated Entity for the year ended 30 June 2014 means South American Tin Limited.

### DIRECTORS

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

James Ellingford	Non-Executive Chairman
John Kelly	Managing Director (appointed 24 November 2014)
Peter Peebles	Executive Director
Ashley Hood	Non-Executive Director
Elizabeth Hunt	Non-Executive Director (appointed 12 August 2015)
Terence Clee	Non-Executive Director (appointed 12 August 2015)

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'.

### CORPORATE GOVERNANCE

A copy of the Company's corporate governance statement is available on the Company's website ([www.victorymines.com](http://www.victorymines.com)).

### PRINCIPAL ACTIVITIES

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

On 11th December, 2014, the Company announced that it had finalised the transaction to acquire SAT which has tin interests in Bolivia. The transaction was paid for in script, with 904,301,266 shares and one convertible note being issued by the Company. The SAT transaction was initially approved by shareholders of the Company on 17th October, 2014 after the Company released a prospectus on the transaction on 12th September, 2014.

Prior to the SAT transaction being completed the Managing Director of SAT, Mr John Kelly, joined the Board of directors of Victory Mines Limited on 24th November, 2014.

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 \$4,172,264 (2014: \$1,585,477).

## **FINANCIAL POSITION**

As at 30 June 2015 the Group had a cash balance of \$25,870 (2014: \$243) and a net asset position of -\$1,093,509 (2014: \$354,840).

## **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 2015.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

- On 17 October 2014, the Company received shareholder approval for the acquisition of unlisted Australian public company South American Tin Limited (SAT) whereby Victory Mines will acquire 100% of SAT in exchange for up to 1,000,000,000 Victory shares and one convertible note being issued to SAT's shareholders. On 11 December 2014, the Company announced the completion of SAT acquisition and the issue of 904,301,266 shares and one convertible note to SAT shareholders.
- On 21 November 2014, the Company announced the appointment of a strategic advisor, Stephen Promnitz, who will be working closely with the Board and management of Victory to strategically progress and develop SAT's Bolivian assets and projects, in particular its tin tolling project at San Pedrito and the proposed metal concentrates trading business in Bolivia.
- On 24 November 2014, the Company announced the appointment of John Kelly as Managing Director of the Company.
- On 19 February 2015, the Company announced that it had completed a share placement at an issue price of \$0.003 per share. The placement consisted of up to \$855,000 cash subscriptions and \$345,000 of conversion of amounts due to existing creditors.
- On 10 April 2015, the Company announced that 9,429,007 quoted options, exercisable at \$0.20 have expired on 9 April 2015, unexercised.
- On 13 May 2015, the Company announced that it had withdrawn from its Joint Venture Station Bore project, leaving the tenement owned 100% by Proto Resources and Investments Ltd.
- Voluntary holding locks on 264,141,348 fully paid ordinary shares were released on 11 June 2015.
- On 25 and 26 June 2015, the Company surrendered its 70% interests in Jungle Well and Laverton Projects respectively.

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**

SAT's 80%-controlled Bolivian subsidiary, C.M. Gondwanaland S.A. ("Gondwanaland") has been working on a number of projects associated with the historic Siglo XX Tin Mine. These include the mine itself, the San Pedrito Project to the immediate south of Siglo XX and various tailings stockpiles associated with the Siglo XX Mine.

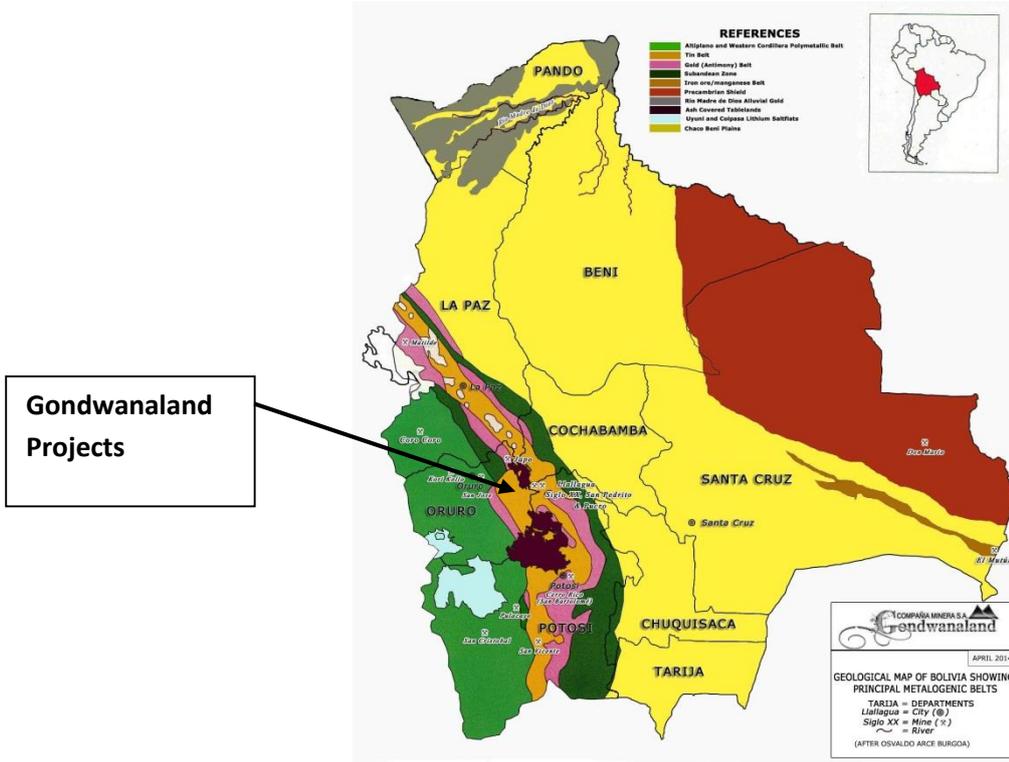


Figure 1 – Bolivian Geology Map Showing the Location of the SAT Projects

**Concentrate Trading Opportunity**

Victory’s Bolivian subsidiary Gondwanaland has received an offer from a well-established and respected European minerals trading firm to purchase up to 3,000 tonnes of tin concentrates per annum. The minerals trading company has also sent representatives to Bolivia to conduct due diligence.

The offer is in two stages:

- An initial trial period where Gondwanaland would supply 3 containers of tin concentrates (approximately 75 tonnes) FOB to pre-determined port in South America, and
- An ongoing commitment to take 100% of Gondwanaland’s production being a minimum of 100 tonnes per month.

Gondwanaland’s production could be as much as 3,000 tonnes of tin concentrate at estimated full production from the proposed concentrate retreatment plant. Concentrate prior to this staged increase in production will be sourced locally from cooperative miners.

Terms will be finalised after the trial period, such as the location of the bonded warehouse.

Gondwanaland has developed a business plan for the purchase, retreatment (if necessary) and then sale of tin concentrates sourced from its Mining Cooperative partners in the North of Potosi region of Bolivia.

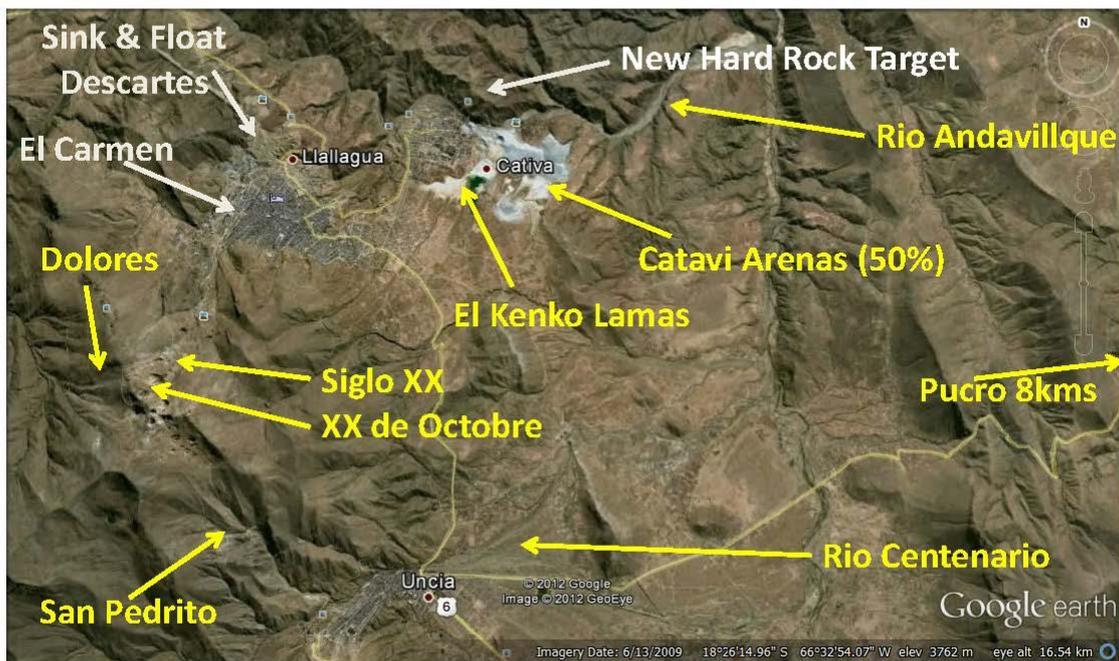
The business plan envisages Gondwanaland constructing a small concentrate processing plant, upgrading lower grade tin concentrates in this plant and then selling high grade, impurity-free concentrates to international concentrate buyers. Gondwanaland has determined all the components of the supply chain necessary to export concentrate from the North of Potosi.

This arrangement will be a precursor to the expansion of toll treatment plants as envisaged in the previously announced plan for the significant production of tin, and some zinc, from the area.

**Siglo XX Mine**

Gondwanaland has been working with the four Mining Cooperatives that contractually own the Siglo XX Mine. Gondwanaland aims to build a series of four toll treatment plants to treat ore from each of these Mining Cooperatives ranging in size from 150 to 450 tonnes per day. Figure 2 below shows the project locations surrounding the Siglo XX Mine.

**SAT's Siglo XX Mine Projects**  
**Yellow represents fully contracted projects**



**Figure 2 – Siglo XX Mine Individual Project Areas**

**Juan del Valle Cooperative Project – San Pedrito Project**

Gondwanaland worked on advancing the San Pedrito Project with the Juan del Valle Cooperative during the year by devising a flowsheet for a 150 tonne per day treatment plant for tin, silver and zinc mineralisation and commencing a surface channel sampling programme on the San Pedrito Hill. Figure 3 below shows Gondwanaland's flowsheet.

DIRECTORS' REPORT

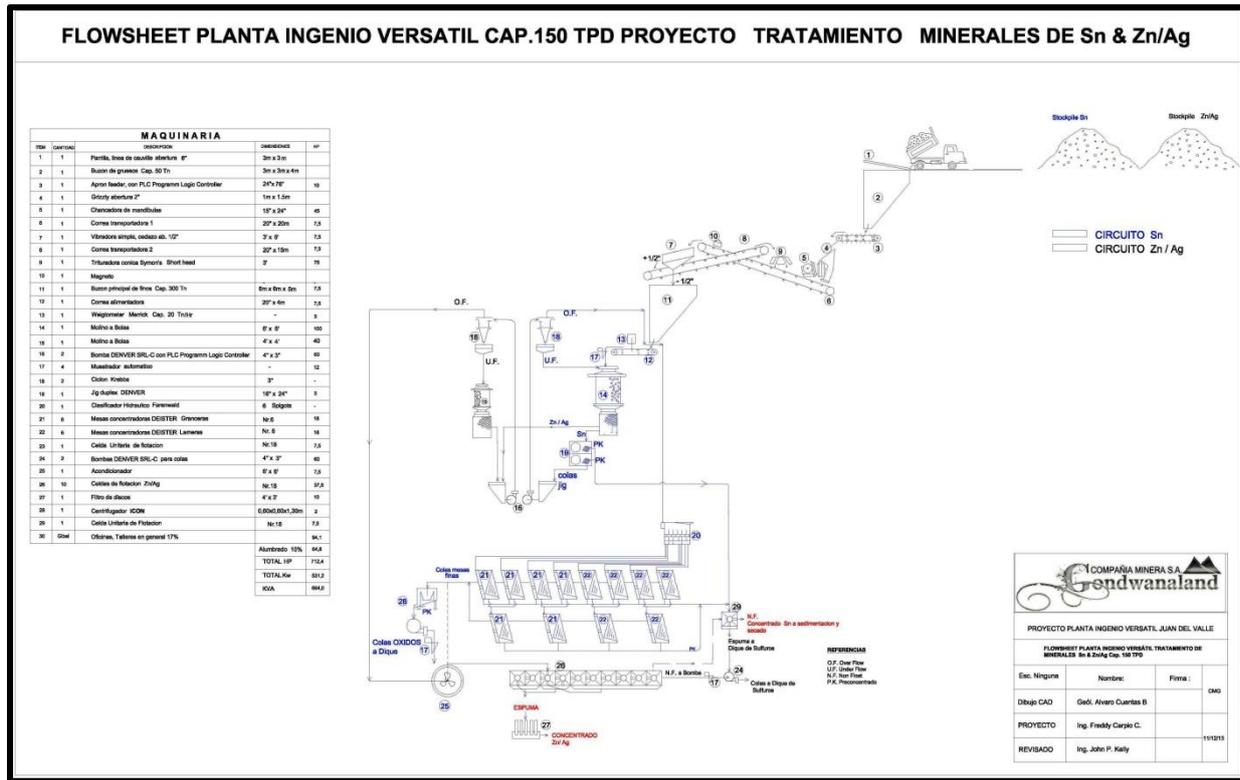


Figure 3 – San Pedrito Project 150 tonne Per Day Treatment Plant

A 3,200 metre surface channelling programme was commenced in December 2014 using labour supplied by the Juan del Valle Cooperative. The first stage of this programme was completed in February 2015. Figure 4 below shows some of the completed trenches.

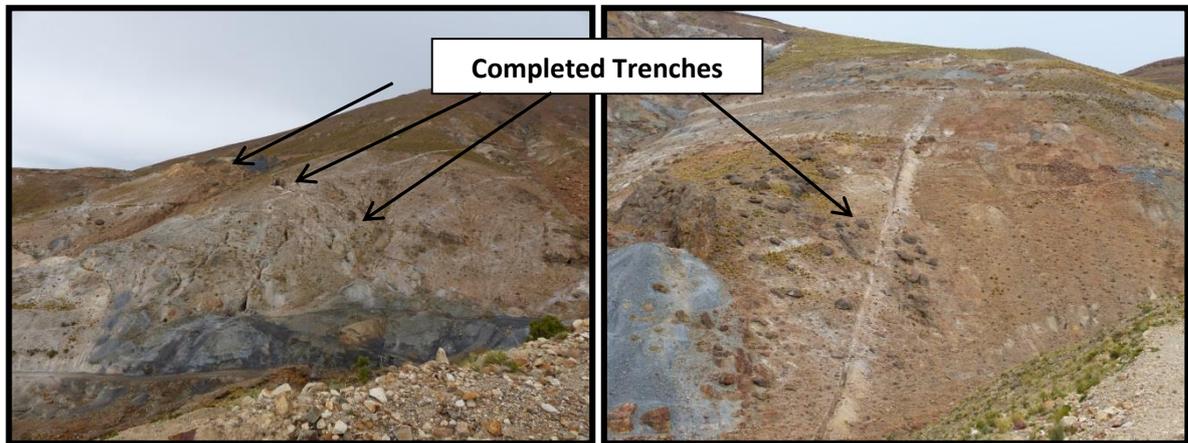


Figure 4– Completed Surface Trenching in the Adits Nos 1-4 Zone at the San Pedrito Project

**Siglo XX Cooperative Project - 650 Level Project**

The 650 Level was the main extraction level for the Siglo XX Mine and as such is the lowest of the main access adits for the mine. The 650 Level has extensive areas where low grade mineralisation has been stockpiled. The Siglo XX Cooperative has to working to clear areas on the 650 Level to give access to the stockpiled mineralisation and to open old ore passes. Figure 5 below shows stockpiled mineralisation on the 650 Level.



**Figure 5 – Cross-Cuts on the Siglo XX Level Adit Filled With Sludge, Mullock and Bagged Tailings**

**JORC Code Table 1 Checklist of Assessment and Reporting Criteria**

No changes are necessary to the JORC Table 1 over what was reported on 12 May 2014 for the San Pedrito Project. The surface channel samples are being sampled and will be analysed in the same fashion as the underground channel samples discussed in the JORC Table 1 on 12 May 2014.

**Exploration Targets - JORC Code Guidelines**

Based upon the work that SAT has done and the historic information and reports it has gathered, SAT has estimated Exploration Targets for many of its project areas. These are shown in the Tables below. The potential quantity and grade of the exploration targets set out below is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will results in the estimation of a mineral resource.

Hard Rock Exploration Targets

Exploration targets – hard rock			
Project	Exploration Target Mineralisation	Basis for Exploration Target	Contract Status
Siglo XX Open Pit	90-110Mt @ 0.30-0.34% Sn	Mid-1970s Golder & Assoc Report Not yet sighted by SAT. MINPRO S.R.L. pers com.	Preliminary contract signed with Cooperativa XX de Octubre. The Cooperativa's contract with COMIBOL covers this area.
Gran Bloc Central Block Cave Stope	32-36Mt @ 0.32-0.34% Sn	Gran Bloc Central - Compilation report of ~1980s COMIBOL data by Ing. Rene Renjel of MINPRO S.R.L. Gran Bloc Paralela – Estimate based upon maps in SAT's possession, plus a comparison with the adjacent Gran Bloc Central Stope. COMIBOL stope design report dated Dec 1977.	Preliminary contract signed with Cooperativa Siglo XX. The Cooperativa's contract with COMIBOL covers these areas.
Gran Bloc Paralela Block Cave Stope	19-23Mt @ 0.32-0.34% Sn		
San Jose Stope	0.4-0.6Mt @ 0.44-0.48% Sn		
Pucro Open Pit	30-35Mt @ 0.6-0.8% Sn	Report by Ing. Carlos Murillo dated 27/05/1998	Preliminary contract signed with Cooperativa Pucro. The Cooperativa is negotiating with COMIBOL for a contract.
San Pedrito "Complejo" Open Pit	7-10Mt @ 0.23-0.27% Sn 5-9 g/t Ag 0-5 g/t Ga 12-16 g/t In 0.6-0.7% Zn	SAT drilling, u/g channel sampling, u/g & surface mapping, plus historic maps. Significant u/g complejo potential exists in this project area plus in the adjacent Cooperativa XX de Octubre complejo area neither of which have been accessed yet.	Preliminary contract signed with Cooperativa Juan del Valle. The Cooperativa's contract with COMIBOL covers this area.
<b>Totals</b>	<b>178.4-214.6Mt @ 0.35-0.41% Sn</b>		

Tailings Exploration Targets

Exploration targets – tailings			
Project	Exploration Target Mineralisation	Basis for Exploration Target	Contract Status
El Kenko Tailings	8.4-8.8Mt @ 0.36-0.40% Sn 8.4-8.8Mt @ 14-18 g/t Ag	Sn - RSG Global Resource Estimation Report July 2005. Ag – SAT drilling in 2011.	Preliminary contract signed with Cooperativa Fundicion Kenko Catavi.
Catavi Arenas Tailings	19-20Mt @ 0.29-0.31% Sn 19-20Mt @ 10-12 g/t Ag	Sn – Comibol International Tender Document January 1991. A COMIBOL drilling report from May 1975 covering a portion of these tailings quotes significantly higher grades. Ag – SAT drilling in 2011.	The Federation of North of Potosi represented by 6 of its cooperatives signed a contract for 50% of the Catavi Arenas on 1 <sup>st</sup> June with the President of COMIBOL. On 3 <sup>rd</sup> June 2013 President Evo Morales formally handed over 50% of the Catavi Arenas to the Federation. The Exploration Target represents 100% of the Catavi Arenas.
Sink & Float Descartes Tailings	24-26Mt @ 0.25-0.27% Sn	Sn – Comibol International Tender Document January 1991.	The Federation of the North of Potosi will seek to negotiate a contract for 100% of the Sink & Float Descartes.
<b>TOTAL Sn</b>	<b>51.4-54.8Mt @ 0.28-0.31% Sn</b>		
<b>TOTAL Ag</b>	<b>27.4-28.8Mt @ 11-14 g/t Ag</b>		

DIRECTORS' REPORT

Alluvial Exploration Targets

Exploration targets – alluvials			
Project	Exploration Target Mineralisation	Basis for Exploration Target	Contract Status
Rio Andavillque Tailings	8-10Mt @ 0.74-0.84% Sn	1998 report by Bolivian geologist, Gregorio Yucra. This is tailings sands mostly from the early years of production.	Preliminary contract signed with Cooperativa Andachaya for the first part of the river. The Cooperativa will apply to COMIBOL for 2 additional contract areas, which contain the greater portion of this Exploration Target.
Cooperativa Multi-Activa Tailings	1.2-1.4Mt @ 0.18-0.22% Sn	Tonnage estimate based on Cooperativa Multi-Activa producing at 200tpd since 1994. Grade estimate based on recent information from the Cooperativa.	Preliminary contract signed with Cooperativa Andachaya that covers the portion of the river where the tailings have been deposited.
El Carmen Gravels	3.5-3.9M m <sup>3</sup> @ 0.60-0.62 kg Sn per m <sup>3</sup>	COMIBOL mine planning report from January 1980.	No contract. This area is under a portion of the town of Siglo XX.
Rio Centenario Gravels	130-150M m <sup>3</sup> @ 0.17-0.19 kg Sn per m <sup>3</sup>	July 1987 report by COMIBOL. An additional report by USA-based Consolidated Dredging and Design, Inc. from May 1978 quotes a higher "resource."	Preliminary contract signed with Cooperativa Juan del Valle. The Cooperativa's contract with COMIBOL covers this area.
TOTAL TAILINGS Sn	9.2-11.4Mt @ 0.67-0.76% Sn		
TOTAL GRAVELS Sn	133.5-153.9M m <sup>3</sup> @0.18-0.20 Kg Sn/ m <sup>3</sup>		

Competent Person's Statement Relating to the Bolivian Projects

*The information herein that relates to Exploration Results and Exploration Targets is based on information compiled by Mr John Kelly BE(Min), who is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Kelly takes responsibility for the form and context of the Exploration Results and Target reported. Mr Kelly is a full-time employee, director and shareholder of Victory Mines Limited. Mr Kelly has 34 years' experience in mining and exploration activities. Mr Kelly has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported 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, Minerals Resources and Ore Reserves" (the JORC Code). Mr Kelly takes responsibility for the Exploration Targets in this report. This public report is issued with the prior written consent of the Competent Person as to the form and context in which it appears.*

Western Australia Projects

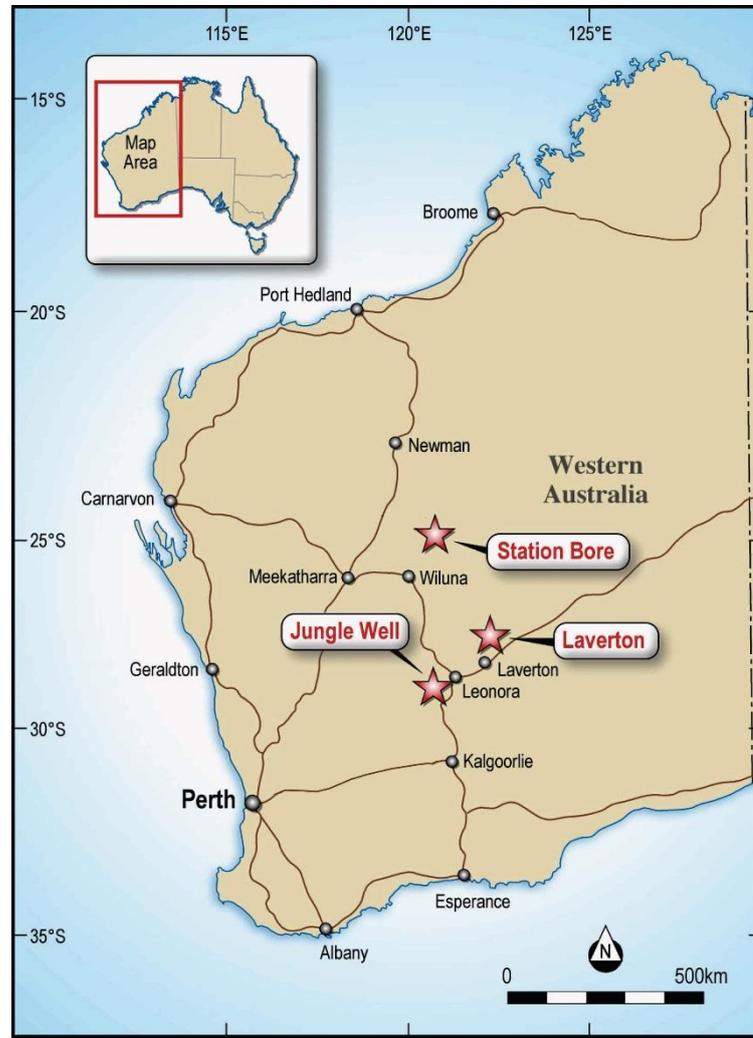


Figure 1 – Western Australian Project Locations

**Laverton Project (E38/2374) – Victory 70%**

No field work was conducted during the year. The tenement holder (Northeast Minerals Pty Ltd), surrendered the tenement on 26<sup>th</sup> June 2015, with Victory's consent.

**Jungle Well Project (E29/679)- Victory 70%**

No field work was conducted, and the tenement holder (Northeast Minerals Pty Ltd), surrendered the tenement on 25<sup>th</sup> June 2015, with Victory's consent.

DIRECTORS' REPORT

Station Bore Project (E69/2872)

A surface geochemical survey and calcrete mapping programme at the Station Bore project (E69/2872) was conducted and analytical results received and modelled.

At the Station Bore project, 80km north of Wiluna in the Eastern Goldfields, the Company completed a surface geochemical survey which consisted of 260 samples collected every 100 metres on lines spaced 500 metres apart. The sampling covered major structural features which were defined from an aerial magnetic and radiometric survey which was flown in 2012. A surface calcrete mapping programme was also undertaken to more closely define areas for further uranium exploration. These areas were initially defined from a low level (25 metres), close spaced (100 metres) combined magnetic and radiometric geophysical survey conducted in 2012. The areas of calcrete are shown in Figure 2.

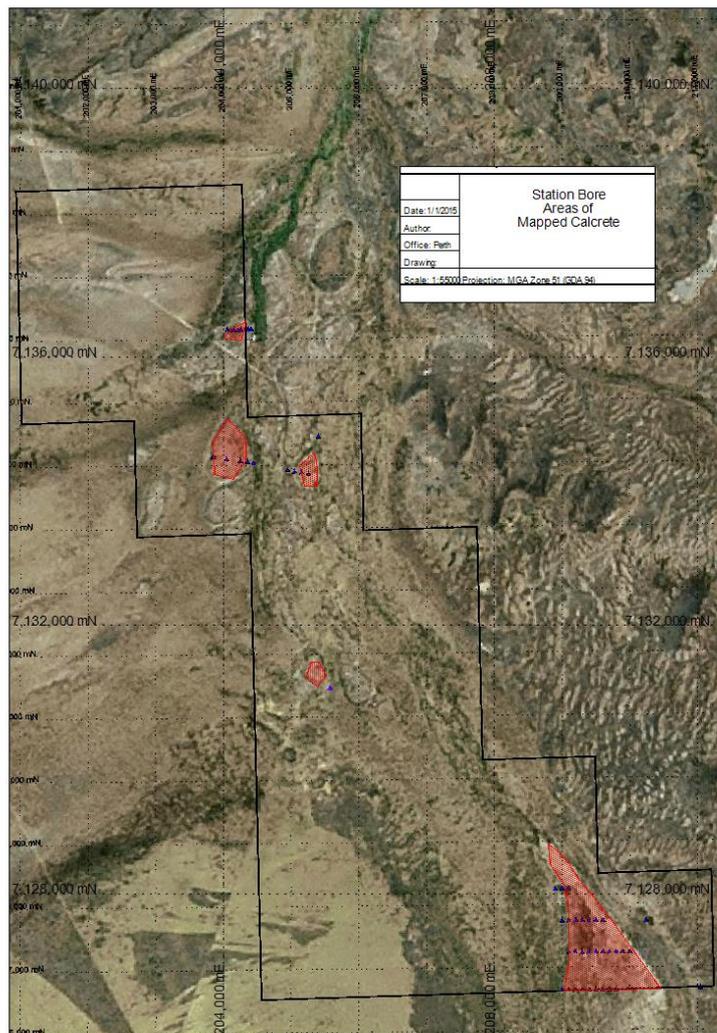


Figure 2 – Surface Calcrete Locations

The surface samples (which were approx. 500g in size) were then subject to analysis by a Niton XL3t XRF analyser. The collected samples were taken to a central point where they were analysed in the field. The device was calibrated in “soil” mode and routinely tested against pre-prepared industry standards. The copper and nickel results (as shown in Figures 7 and 8) were defined by concentrations detected by the Niton XRF device.

The nickel and copper results are shown as Figures 3 and 4, are draped over the TMI magnetics. The dashed black lines show structures interpreted from the 2012 geophysical survey. There is a close correlation between the elevated nickel results and the interpreted structure in the north of the tenement and adjacent to the interpreted geological structure along the eastern side of the tenement, while there is a strong correlation between the elevated copper results along the eastern side of the tenement on the same interpreted geological structure.

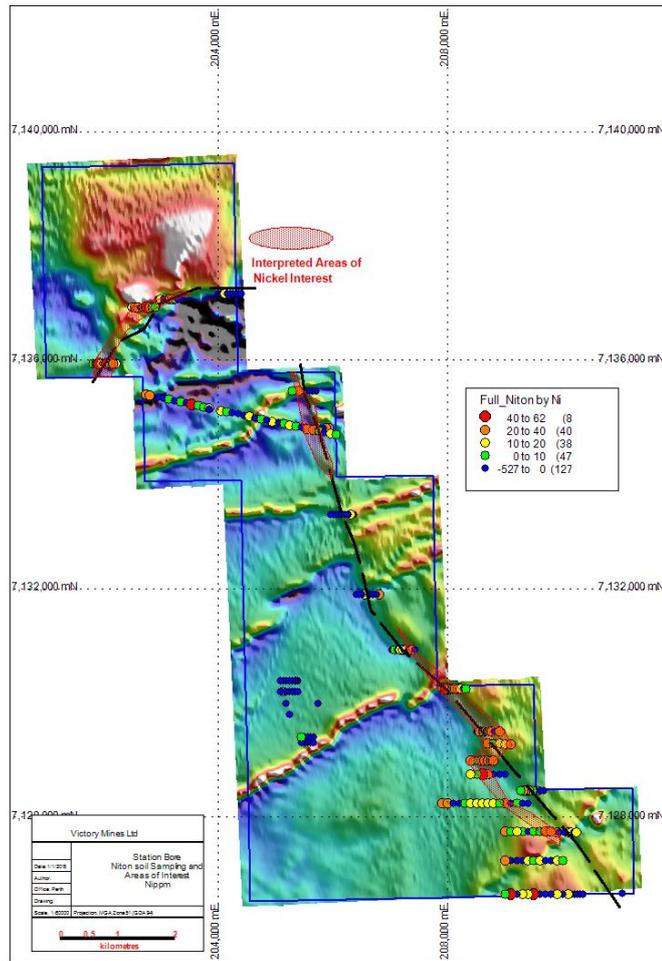


Figure 3– Nickel Results Determined by Niton XRF Analyser (ppm)

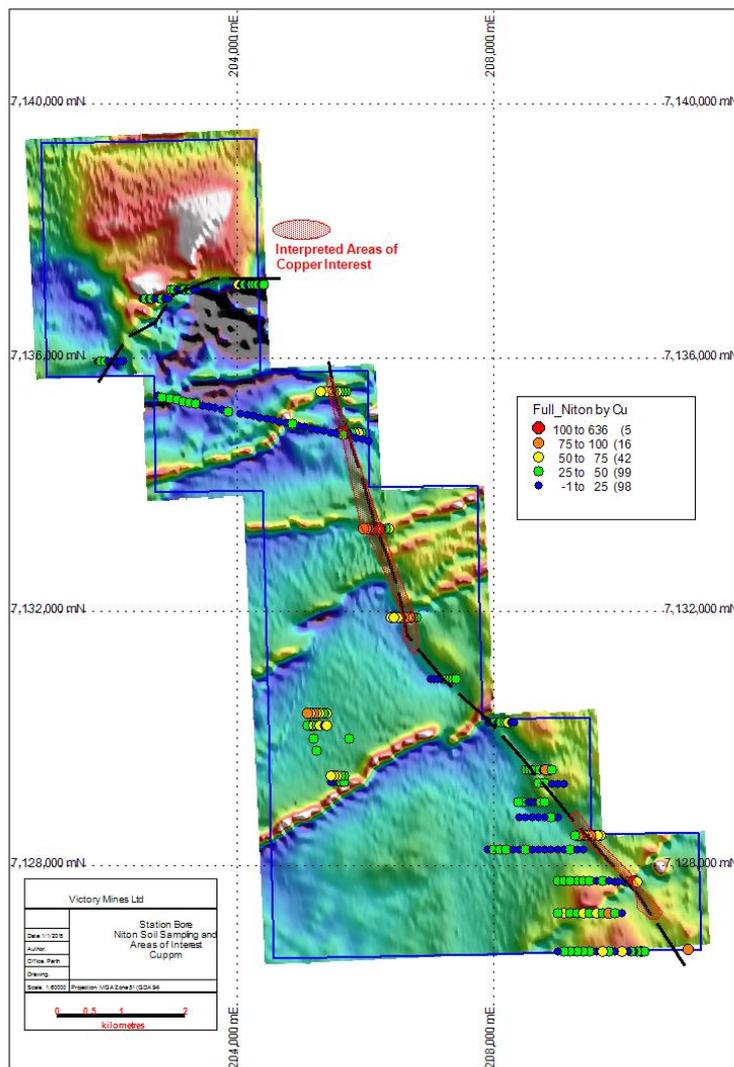


Figure 4 – Copper Results Determined by Niton XRF Analyser (ppm)

Full JORC Compliant Table 1 data was released in an ASX announcement dated 6 January 2015. The reader should refer to this announcement for Table 1 data.

The Station Bore project is joint venture of which Victory is the manager and operator and in which Victory owns 70% of the project with Proto Resources and Investments Ltd holding the remaining 30%. On the 13<sup>th</sup> of May 2015, Victory withdrew from the Joint Venture leaving the tenement 100% owned by Proto.

**Competent Person's Statement Relating to the Western Australian Projects**

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.

**DIRECTORS' REPORT**

**EVENTS AFTER THE REPORTING PERIOD**

- On 2 July 2015, the Company acquired 100% of NorthEast Minerals Pty Ltd from Niocorp Developments Ltd.
- On 11 August 2015, the Company announced that its Bolivian subsidiary, Gondwanaland received an offer from European minerals trading firm to purchase up to 3,000 tonnes of tin concentrates per annum. This will be a significant development that may result in the company generating near-term revenue from the sale of tin concentrates sourced from the Siglo XX Mine.
- On 12 August 2015, Terence Clee and Elizabeth Hunt were appointed as Non-Executive Directors of Victory Mines. Elizabeth Hunt is also currently the Company Secretary for Victory and will remain in this position.
- On 18 September 2015, the Company consolidated its issued share capital following shareholder approval on 10 September 2015. Every 35 Shares were consolidated into 1 Share and every 35 Options were consolidated into 1 Option.
- On 23 September 2015, the Company announced that it had received placement subscriptions to raise up to \$2 million at \$0.0006 per share following shareholder approval on 10 September 2015.
- On 29 September 2015, the Company announced that it has issued 217,314,923 shares at an issue price of \$0.00784 per share as part of the placement approved at the shareholder meeting on 10 September 2015.

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**

**Mr John Kelly**

***Managing Director (appointed 24 November 2014)***

Mr Kelly is a mining engineer and a Fellow of the AusIMM. He has an underground Mine Manager Certificate (NSW) and open pit Mine Manager Certificates (WA, VIC).

Mr Kelly was part of the executive team for Perseverance Corporation Limited from 1991 to 2001, and as Executive/Managing Director from 1992. Other roles at Perseverance included Mine Superintendent and Mine Manager. During Mr Kelly's tenure, Perseverance demonstrated itself as one of the pre-eminent exponents in Australia of heap leach gold production from smaller low grade gold deposits. Mr Kelly was subsequently appointed Managing Director of Republic Gold Limited from the time he founded the company in 2003 until 2010. During this time Mr Kelly's team completed a Feasibility Study for the Amayapampa Gold Project in Bolivia.

Mr Kelly commenced working in Bolivia in 2005 and has gained significant experience in the social and political culture; primarily working in the region known as the "North of Potosi," which is culturally quite different to the rest of Bolivia. Mr Kelly founded South American Tin Limited in 2011 to focus on the tin projects in the North of Potosi.

Mr Kelly has many years of open cut mining experience and additionally significant underground mining experience over 7 years at Conzinc (Rio Tinto's Broken Hill mines). This practical experience will be beneficial for Victory to progress its initial four toll treatment plants as much of the ore will be supplied from the Siglo XX underground mine.

Interest in Shares and Options	9,092,711 fully paid ordinary shares 1 Convertible Note
Directorships held in other listed entities	None

# Victory Mines Limited

ABN 39 151 900 855

## DIRECTORS' REPORT

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### **Dr James Ellingford**

D.Mgt, MBA, Post Grad Corp  
Man, AICD

### ***Non-Executive Chairman***

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 lectures MBA students in Corporate Governance at a leading Sydney University and has a keen interest in ethics and governance.

Interest in Shares and Options

37,144 fully paid ordinary shares  
35,714 options exercisable at \$7.00 on 09/10/2015  
42,858 options exercisable at \$1.05 on 31/12/2016

Directorships held in other listed  
entities

Capital Mining Limited (since 8 January 2013 until 7 August 2015)  
Dourado Resources Limited (since 9 January 2014)

### **Mr Peter Peebles**

BA (Esc), MAusIMM, AIG

### ***Executive Director (Technical)***

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

82,346 fully paid ordinary shares  
7,143 options exercisable at \$7.00 on 09/10/2015  
8,572 options exercisable at \$1.05 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

23,019 fully paid ordinary shares  
7,144 options exercisable at \$7.00 on 09/10/2015  
8,572 options exercisable at \$1.05 on 31/12/2016

Directorships held in other listed  
entities

Global Metals Exploration NL (20 January 2011 – January 2014)

**DIRECTORS' REPORT**

**Mr Terence Clee**

***Non-Executive Director (appointed on 12 August 2015)***

Mr Clee holds a combined Bachelor of Commerce (Accounting) and Bachelor of Laws from the University of New South Wales. Mr Clee commenced his career as an accountant at KPMG, working in Corporate Audit and Corporate Tax. He co-founded Hemsley Lawyers alongside lawyers from Allens Arthur Robinson and Blake Dawson (now Ashurst). Mr Clee was responsible for the business development and strategic growth of the practice. Terence has experience in the start-up and small cap space, having advised technology start-ups and junior miners on commercialisation, cross-border transactions, tax and R&D. He currently serves as a Director for an Australia-wide technology company in the real estate space and was previously a Director for a Sydney based serviced offices and managed services business for accountants, lawyers and financial planners. Mr Clee is admitted to the Supreme Court of New South Wales. Mr Clee is a director of number of unlisted companies.

Interest in Shares and Options Nil  
 Directorships held in other listed entities None

**Mrs Elizabeth Hunt**

***Non-Executive Director & Company Secretary (appointed as Director on 12 August 2015)***

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.

Interest in Shares and Options 51,716 fully paid ordinary shares  
 8,929 options exercisable at \$1.05 on 31/12/2016  
 Directorships held in other listed entities Nil

**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 22 September 2011 with the option to extend for a further 3 years. At the Company's Annual General Meeting on 27 November 2014, Mr Peebles retired by rotation and was re-elected by Shareholders as a Director. 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.

**DIRECTORS' REPORT**

---

Mr John Kelly is engaged by the Company in an executive capacity as a Managing Director. Mr Kelly's contract is for a term of 3 years from 14 November 2014 with the option to extend thereafter on an annual basis by mutual consent. At the Company's Annual General Meeting on 27 November 2014, Mr Kelly was elected by Shareholders as the Managing Director. Under the terms of the agreement, Mr Kelly's salary is \$275,000 per annum. Mr Kelly will also receive a housing allowance in Bolivia in the amount of \$1,500 per month. The Company may terminate Mr Kelly's contract by giving Mr Kelly a minimum of 3 months written notice or by paying Mr Kelly 6 months' salary in lieu of notice. Mr Kelly may terminate the contract by giving 3 months written notice to the Company.

Appointments of non-executive directors James Ellingford, Ashley Hood, Terence Clee and Elizabeth Hunt 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 exclusive of 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 exclusive of statutory superannuation. Annually the Company will issue Dr Ellingford 250,000 shares and 500,000 options, subject to shareholder approval.

Mr Clee was appointed as a Non-Executive Director of the Company on 12 August 2015. Mr Clee is entitled to receive directors' fee of \$12,000 per annum exclusive of statutory superannuation.

Mrs Hunt was appointed as a Non-Executive Director of the Company on 12 August 2015. Mrs Hunt is entitled to receive directors' fee of \$48,000 per annum exclusive of statutory superannuation. Mrs Hunt's director's fees are payable to Mining Corporate Pty Ltd, a company of which Mrs Hunt is a director of.

## **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.

DIRECTORS' REPORT

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 2015**

During the period no options were issued to employees.

**4. Details of remuneration for the period ended 30 June 2015**

As disclosed in note 23 to the financial report, Victory Mines Limited entered into a transaction which constituted a reverse acquisition under Australian Accounting Standards. As such the financial report is a continuation of the accounting acquirer; South American Tin Limited and its controlled entities. The remuneration disclosed in the table below is that of the key management personnel for the entire year of the respective companies being Victory Mines Limited and South American Tin Limited and its controlled entities. As such the remuneration in the tables below will not reflect what has been reflected in the consolidated statement of profit or loss and other comprehensive income.

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 \$	\$	%	%
<b>Directors</b>								
James Ellingford	130,000	12,350	-	1,000 <sup>(i)</sup>	150 <sup>(i)</sup>	143,500	0.10	-
Peter Peebles	15,000	1,425	-	400 <sup>(i)</sup>	30 <sup>(i)</sup>	16,855	0.18	-
Ashley Hood	40,000	3,800	-	400 <sup>(i)</sup>	30 <sup>(i)</sup>	44,230	0.07	-
John Kelly <sup>(ii)</sup>	183,333	17,417	-	-	-	200,750	-	-
	<b>368,333</b>	<b>34,992</b>	-	<b>1,800</b>	<b>210</b>	<b>405,335</b>	<b>0.45</b>	-

(i) James Ellingford, Peter Peebles and Ashley Hood were issued equivalent \$1,150, \$430 and \$430 respectively as share based payments as per their contract agreements with the Company and as approved by shareholders.

(ii) John Kelly was appointed as the Managing Director of Victory Mines Limited on 24 November 2014.

# Victory Mines Limited

ABN 39 151 900 855

## DIRECTORS' REPORT

Remuneration information for each key management personnel of the Company for the 2014 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			
	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>								
James Ellingford	130,000	12,025	-	4,500 <sup>(i)</sup>	3,330 <sup>(i)</sup>	149,855	2.22	-
Peter Peebles	15,000	1,388	-	1,800 <sup>(i)</sup>	660 <sup>(i)</sup>	18,848	3.50	-
Ashley Hood	40,000	3,700	-	1,800 <sup>(i)</sup>	660 <sup>(i)</sup>	46,160	1.43	-
	<b>185,000</b>	<b>17,113</b>	-	<b>8,100</b>	<b>4,650</b>	<b>214,863<sup>(ii)</sup></b>	<b>7.15</b>	-

(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) As at 30 June 2015, \$336,491 is payable to directors for unpaid directors' fees.

### 5. Options and Rights Over Equity Instruments Granted as Compensation

Details of options over ordinary shares in the Company that were granted in 2015 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	500,000	27 November 2014	\$0.0003	\$0.03	31 December 2016	500,000
Peter Peebles	100,000	27 November 2014	\$0.0003	\$0.03	31 December 2016	100,000
Ashley Hood	100,000	27 November 2014	\$0.0003	\$0.03	31 December 2016	100,000

No options have been exercised or lapsed during the period.

Details of options over ordinary shares in the Company that were granted in 2014 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	1,000,000	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

# Victory Mines Limited

ABN 39 151 900 855

## DIRECTORS' REPORT

### Shareholdings

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

Director / Key Management Personnel	Balance 01.07.2014 No.	Granted as Compens- ation No.	Net Change Other No.	Balance 30.06.2015 No.
James Ellingford	1,050,000	250,000	-	1,300,000
Peter Peebles	782,055	100,000	2,000,000	2,882,055
Ashley Hood	705,616	100,000	-	805,616
John Kelly	-	-	318,254,778	318,254,778
<b>Total</b>	<b>2,537,671</b>	<b>450,000</b>	<b>320,254,778</b>	<b>323,242,449</b>

Number of Shares held by Key Management Personnel as at 30 June 2014 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
<b>Total</b>	<b>1,637,671</b>	<b>900,000</b>	<b>-</b>	<b>2,537,671</b>

### Options Holdings

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

	Balance 01.07.2014 No.	Granted as Compens- ation No.	Options Exercised No.	Net Change Other No.	Balance 30.06.2015 No.	Total Vested 30.6.2015 No.
<b>Directors</b>						
James Ellingford	2,387,500	500,000	-	(137,500)	2,750,000	2,750,000
Peter Peebles	595,514	100,000	-	(145,514)	550,000	550,000
Ashley Hood	450,000	100,000	-	-	550,000	550,000
John Kelly	-	-	-	-	-	-
<b>Total</b>	<b>3,433,014</b>	<b>700,000</b>	<b>-</b>	<b>(283,014)</b>	<b>3,850,000</b>	<b>3,850,000</b>

Number of Options Held by Key Management Personnel as at 30 June 2014 was as follows:

	Balance 01.07.2013 No.	Granted as Compens- ation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2014 No.	Total Vested 30.6.2014 No.
<b>Directors</b>						
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
<b>Total</b>	<b>1,750,000</b>	<b>1,400,000</b>	<b>-</b>	<b>283,014</b>	<b>3,433,014</b>	<b>3,433,014</b>

# Victory Mines Limited

ABN 39 151 900 855

## DIRECTORS' REPORT

\*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.

### Other transactions with Key Management Personnel

#### 2015

- Mining Corporate Pty Ltd, a company of which the Company Secretary and Non-Executive Director, Mrs Elizabeth Hunt is a director of, was paid or due to be paid \$213,135 for company secretarial, acquisition of subsidiary, accounting and bookkeeping services.
- Darlington Geological Services, a company of which the Technical Director, Peter Peebles is a director, was due to be paid an aggregate amount of \$42,570 for geological services rendered.
- During the year, Compañía Consultora Minera Ollantay S.R.L., a company of which the Managing Director, John Kelly is a director, was due to be paid an aggregate amount of \$152,635 in lieu of services rendered.
- During the year, an amount of \$19,258 was advanced to Managing Director, John Kelly.

### Other transactions with Key Management Personnel (continued)

#### 2014

- 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.
- During the year Darlington Geological Services, a company of which the Technical Director, Peter Peebles is a director, was due to be paid an aggregate amount of \$66,150 for geological services.
- During the year Ashley Hood was paid \$7,650 in consulting fees.

### End of Remuneration Report

### MEETINGS OF DIRECTORS

During the financial period, 7 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	7	7	1	1
Ashley Hood	7	6	1	1
James Ellingford	7	7	1	1
John Kelly*	5	5	-	-

\* John Kelly was appointed as Managing Director on 24 November 2014.

### 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.

**DIRECTORS' REPORT**

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**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.

The Company's operations in Bolivia are governed by Bolivian national government environmental regulations. These are generally of a lower standard to those in Australia. As Gondwanaland holds its project interests via a series of preliminary contracts it is not considered that Gondwanaland has any current exposure to environmental liabilities.

**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:

<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number under Option</b>
9 October 2015	\$7.00	1,185,722
9 October 2015	\$14.00	133,099
31 December 2016	\$1.05	2,990,016
9 October 2017	\$7.00	114,286

During the period, no ordinary shares of Victory Mines Limited were issued on the exercise of options.

Subsequent to 30 June 2015, the Company consolidated its issued share capital following a shareholder approval on 10 September 2015, with every 35 Shares being consolidated into 1 Share and every 35 Options being consolidated into 1 Option. 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 2015 (2014: Nil).

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the period ended 30 June 2015 has been received and can be found on page 24 of the directors' report.

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

A handwritten signature in black ink that reads "John Kelly". The signature is written in a cursive style with a large initial 'J'.

John Kelly

Managing Director

Dated this 30<sup>th</sup> day of September 2015

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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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 2015, 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**  
**Chartered Accountants**



**DOUG BELL CA**  
**Director**

Dated at Perth this 30<sup>th</sup> day of September 2015

## Independent Auditor's Report

### To the Members of Victory Mines Limited

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 2015, 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.

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### Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 gives a true and fair view and 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 of the financial report that gives a true and fair view 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 have complied with the independence requirements of the *Corporations Act 2001*.

## Basis for Qualified Opinion

As disclosed in note 23 to the financial report, Victory Mines Limited entered into a transaction which constituted a reverse acquisition under Australian Accounting Standards. As such the financial report is a continuation of the accounting acquirer; South American Tin Limited and its controlled entities. We have been unable to perform sufficient procedures to enable us to form an opinion on the corresponding figures for the 30 June 2013 financial statements. We have however performed sufficient procedures to enable us to form an opinion on the statement of financial position as at 30 June 2014 (with the exception of accumulated losses). As the results of the Consolidated Entity for the year ended 30 June 2014 would be affected to the extent of any misstatement of the 30 June 2013 statement of financial position, we are not in a position to express an opinion on the corresponding figures presented in statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014.

## Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- 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 2015 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 further qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the Consolidated Entity incurred a net loss of \$4,172,264 (after impairment losses of \$2,547,848) during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 1(b), indicates 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 2015. 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.

**Independent Auditor's Report**  
To the Members of Victory Mines Limited (*Continued*)

---



**Opinion**

In our opinion, the Remuneration Report of Victory Mines Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "Bentleys".

**BENTLEYS**  
**Chartered Accountants**

A handwritten signature in blue ink that reads "Doug Bell".

**DOUG BELL CA**  
**Director**

Dated at Perth this 30<sup>th</sup> day of September 2015

**Victory Mines Limited**

**ABN 39 151 900 855**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue	3	17,448	9
Administration expenses		(319,547)	(234,893)
Consulting fees		(213,330)	-
Directors fees		(339,931)	(65,197)
Exploration expenditure impaired	10	(2,547,848)	-
Travel and accommodation		(12,531)	-
Employee benefits expense		(253,908)	(344,900)
Other Expenses	4	(308,364)	(445,781)
Share based payments	18	(100,476)	(420,929)
Finance costs	4	(93,777)	(19,319)
<b>Loss before income tax expense</b>		<b>(4,172,264)</b>	<b>(1,531,010)</b>
Income tax expense	2	-	(54,467)
<b>Loss after income tax expense for the year</b>		<b>(4,172,264)</b>	<b>(1,585,477)</b>
<b>Other comprehensive income</b>			
Other Comprehensive Income that may be reclassified subsequently to profit and loss		-	-
Foreign currency translation		(118,973)	278,329
<b>Total comprehensive income/(loss) for the year</b>		<b>(4,291,237)</b>	<b>(1,307,148)</b>
Loss for the year is attributable:			
Non-controlling interest		(59,079)	(147,308)
Owners of South American Tin Limited		(4,113,185)	(1,438,169)
		<b>(4,172,264)</b>	<b>(1,585,477)</b>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(59,079)	(147,308)
Owners of South American Tin Limited		(4,232,158)	(1,159,840)
		<b>(4,291,237)</b>	<b>(1,307,148)</b>
<b>Loss Per Share</b>			
Basic and diluted loss per share (cents per share)	5	(0.34)	(3.00)

The accompanying notes form part of these financial statements.

**Victory Mines Limited**

**ABN 39 151 900 855**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	25,870	243
Trade and other receivables	7	26,269	-
Other assets	8	21,569	200,092
<b>TOTAL CURRENT ASSETS</b>		<b>73,708</b>	<b>200,335</b>
<b>NON-CURRENT ASSETS</b>			
Plant & Office Equipment	9	6,078	8,654
Exploration and evaluation expenditure	10	862,802	726,841
<b>TOTAL NON-CURRENT ASSETS</b>		<b>868,880</b>	<b>735,495</b>
<b>TOTAL ASSETS</b>		<b>942,588</b>	<b>935,830</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11a	1,152,841	137,391
Loans Payable	11b	229,550	23,743
Provisions	11c	354,592	160,389
Income Tax payable	11d	63,147	54,467
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,800,130</b>	<b>375,990</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible Note	11e	235,967	205,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>235,967</b>	<b>205,000</b>
<b>TOTAL LIABILITIES</b>		<b>2,036,097</b>	<b>580,990</b>
<b>NET ASSETS</b>		<b>(1,093,509)</b>	<b>354,840</b>
<b>EQUITY</b>			
Issued capital	12	6,299,335	3,456,446
Reserves		181,317	300,291
Accumulated losses		(7,318,389)	(3,205,204)
Equity attributable to the owners of South American Tin Limited		(837,737)	551,533
Non-controlling interest		(255,772)	(196,693)
<b>TOTAL EQUITY</b>		<b>(1,093,509)</b>	<b>354,840</b>

The accompanying notes form part of these financial statements.

**Victory Mines Limited**

**ABN 39 151 900 855**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

	Issued Capital	Reserves	Accumulated losses	Non-Controlling interest	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>2,180,112</b>	<b>190,728</b>	<b>(1,767,035)</b>	<b>(49,385)</b>	<b>554,420</b>
Loss for the period	-	-	(1,438,169)	(147,308)	(1,585,477)
Other comprehensive income	-	278,329	-	-	278,329
Total comprehensive income	-	278,329	(1,438,169)	(147,308)	(1,307,148)
<i>Transactions with owner directly recorded in equity</i>					
Contributions of equity, net of transaction costs	1,276,334	-	-	-	1,276,334
Other Reserves	-	(168,766)	-	-	(168,766)
<b>Balance at 30 June 2014</b>	<b>3,456,446</b>	<b>300,291</b>	<b>(3,205,204)</b>	<b>(196,693)</b>	<b>354,840</b>

	Issued Capital	Reserves	Accumulated losses	Non-Controlling interest	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>3,456,446</b>	<b>300,291</b>	<b>(3,205,204)</b>	<b>(196,693)</b>	<b>354,840</b>
Loss for the period	-	-	(4,113,185)	(59,079)	(4,172,264)
Other comprehensive income	-	(118,973)	-	-	(118,973)
Total comprehensive income	-	(118,973)	(4,113,185)	(59,079)	(4,291,237)
<i>Transactions with owner directly recorded in equity</i>					
Contributions of equity, net of transaction costs	2,842,889	-	-	-	2,842,889
Options issued during the period	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>6,299,335</b>	<b>181,317</b>	<b>(7,318,389)</b>	<b>(255,772)</b>	<b>(1,093,509)</b>

The accompanying notes form part of these financial statements.

**Victory Mines Limited**

**ABN 39 151 900 855**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(580,500)	(371,680)
Exploration and evaluation expenditure		(109,159)	-
Interest received		175	9
<b>Net cash (used in) operating activities</b>	15	<b>(689,484)</b>	<b>(371,671)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash inflow from acquisition of subsidiary	23	35,646	-
Proceeds from sale of investments		-	-
Purchase of plant & equipment		(2,535)	(1,582)
Purchase of exploration prospects		-	-
<b>Net cash (used in) provided by investing activities</b>		<b>33,111</b>	<b>(1,582)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		734,000	321,195
Proceeds from issue of options		-	-
Proceeds from issue of convertible note		20,000	-
Payment of transaction costs associated with capital raising		(72,000)	-
<b>Net cash provided by financing activities</b>		<b>682,000</b>	<b>321,195</b>
Net increase/ (decrease) in cash held		25,627	(52,058)
<b>Cash at beginning of financial period</b>		<b>243</b>	<b>52,301</b>
<b>Cash at end of financial period</b>	6	<b>25,870</b>	<b>243</b>

The accompanying notes form part of these financial statements.

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

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#### 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 30<sup>th</sup> September 2015 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.

South American Tin Limited was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business combinations. Therefore the transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements of Victory Mines Limited have been prepared as a continuation of consolidated statements of South American Tin Limited. South American Tin (as the deemed acquirer) has accounted for the acquisition of Victory Mines Limited from December 2014. The comparative information from 1 July 2014 to 30 June 2015 presented in the consolidated financial information is that of South American Tin Limited.

The impact of the reverse acquisition on each of the primary statements is as follows:

#### **Consolidated statement of comprehensive income**

- 30 June 2015 consolidated statement comprise twelve months for South American Tin Limited and its subsidiary and includes Victory Mines Limited and its subsidiary from the period since the acquisition date 11 December 2014.
- 30 June 2014 consolidated statement represent South American Tin Limited and its subsidiary.

#### **Consolidated statement of changes in financial position**

- 30 June 2015 consolidated statement represent both South American Tin Limited and its subsidiary and Victory Mines Limited and its subsidiary.
- 30 June 2014 consolidated statement represent South American Tin Limited and its subsidiary.

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

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### Consolidated cash flow statement

- 30 June 2015 consolidated statement comprise twelve months for South American Tin Limited and its subsidiary and includes Victory Mines and its subsidiary from the period since the acquisition date 11 December 2014.
- 30 June 2014 consolidated statement of cash flows comprises of South American Tin Limited and its subsidiary's cash balance and cash transactions for twelve months.

### 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 2015 of \$4,172,264 (2014: \$1,585,477) and net cash outflows from operating activities of \$686,798 (2014: \$371,671), and as at that date had a working capital deficiency of \$1,726,422 (2014: \$175,655). Included in the loss for the year was an impairment loss of \$2,547,848.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

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. Subsequent to year end the Company has entered into a capital raising mandate to raise funds over the next twelve months on a best endeavours basis subject to market conditions. Under this mandate as announced on 29 September 2015 the Company has raised approximately \$1,700,000 before costs via the issue of 217,314,923 shares.

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 a further \$1.5 million from capital raisings, of which are on a best endeavours basis and not yet committed to.

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 new strategic direction of the Company since the acquisition of South American Tin Limited, 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.

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

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#### 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.

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%

**NOTES TO THE FINANCIAL STATEMENTS**

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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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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.

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**

**NOTES TO THE FINANCIAL STATEMENTS**

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**g) Financial Instruments (continued)**

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.

**h) 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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.

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

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#### 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

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australia Accounting Standards

The consolidated entity also elected to adopt the following standards early:

- AASB2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisition of Interests in Joint Operations
- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

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#### 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:

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

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#### *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 accordance 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.

## Victory Mines Limited

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### NOTES TO THE FINANCIAL STATEMENTS

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

Accounting The Australian Accounting Standards Board (AASB) has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, and which the company has decided not to adopt at this time, but will do as they became mandatory. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below. 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 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

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**NOTES TO THE FINANCIAL STATEMENTS**

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Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period: AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards. AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity. AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

**Victory Mines Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

	2015	2014
	\$	\$
<b>NOTE 2: INCOME TAX EXPENSE</b>		
<b>a. Recognised in the income statement:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
<b>b. Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss from ordinary activities before income tax expense	(4,172,264)	(1,585,477)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,251,679)	(475,643)
Increase in income tax due to:		-
- Non-deductible expenses	1,127,272	-
- Current period tax losses not recognised	236,506	530,110
- Derecognition of previously recognised tax losses	140,939	-
- Current year capital losses not recognised	7,886	-
Decrease in income tax expense due to:		-
- Deductible equity raising costs	(85,763)	-
- Movement in unrecognised temporary differences	78,985	-
- Other deductible expenses	(257,167)	-
- Non-assessable income	-	-
Income tax attributable to operating loss	-	-
<b>c. Recognised deferred tax assets</b>		
Tax losses	-	-
Accruals	-	-
Plant & Equipment	-	-
Previously Expensed Blackhole Costs	-	-
Total	-	-
Less: Set off of deferred tax liabilities	-	-
Net deferred tax asset	-	-
<b>d. Recognised deferred tax liabilities</b>		
Exploration expenditure	-	-
Prepayments	-	-
Total	-	-
Less: Set off of deferred tax assets	-	-
Net deferred tax liabilities	-	-

**Victory Mines Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: INCOME TAX EXPENSE (CONTINUED)**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>e. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%:</b>		-
Deferred tax assets have not been recognised in respect of the following (30%):		-
Deductible temporary differences	261,494	-
Tax revenue losses	2,596,533	-
Tax capital losses	27,773	-
<b>Total Unrecognised deferred tax assets (30%)</b>	2,885,800	54,467

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2015 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.

	<b>Consolidated</b>	
<b>NOTE 3: REVENUE</b>	<b>2015</b>	<b>2014</b>
	\$	\$
Interest Received	175	9
Discount Received	17,273	-
<b>Total Revenue</b>	17,448	9

	<b>2015</b>	<b>2014</b>
	\$	\$
Expenses reimbursement to directors – refer to related party transaction note below	-	7,807
Other expenses	284,189	365,608
Communication expenses	11,979	12,644
IVA expense – Gondwanaland	7,085	55,541
Depreciation	5,111	4,181
<b>Total Other Expenses</b>	308,364	445,781

	<b>2015</b>	<b>2014</b>
<b>FINANCE COSTS</b>	\$	\$
Interest expense	93,777	19,319

**Victory Mines Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 5: EARNINGS PER SHARE</b>	<b>2015</b>	<b>2014</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	(0.34)	(3.00)

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

	<b>\$</b>	<b>\$</b>
Loss	(4,113,185)	(1,438,168)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,202,310,969	47,952,647

As the Company is in a loss position the options outstanding at 30 June 2015 have no dilutive effects on the earnings per share calculation.

Subsequent to year end, the Company consolidated its share capital following shareholder approval on 10 September 2015 on a 35:1 basis for shares and options. The above earnings per share does not factor in this consolidation.

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash and Cash at bank	25,870	243
	<b>25,870</b>	<b>243</b>

**NOTE 7: TRADE AND OTHER RECEIVABLES**

**Current**

GST receivable	26,269	-
	<b>26,269</b>	<b>-</b>

**NOTE 8: OTHER ASSETS**

**Current**

Prepayments	2,197	200,000
Other receivables	19,372	92
	<b>21,569</b>	<b>200,092</b>

**Victory Mines Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 9: PLANT &amp; OFFICE EQUIPMENT</b>	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Fixture and Fittings		
At cost	475	366
Accumulated depreciation	(175)	(98)
	<u>300</u>	<u>268</u>
Computer Equipment		
At cost	18,081	13,943
Accumulated depreciation	(14,917)	(8,016)
	<u>3,164</u>	<u>5,927</u>
Equipment and Tools		
At cost	4,255	3,280
Accumulated depreciation	(1,641)	(821)
	<u>2,614</u>	<u>2,459</u>
<b>Total Plant and Office Equipment</b>	<b><u>6,078</u></b>	<b><u>8,654</u></b>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Equipment and Tools	Fixtures and Fittings	Computer Equipment	Total
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2014	2,459	268	5,927	8,654
Additions	728	79	1,728	2,535
Depreciation expense	(577)	(47)	(4,520)	(5,144)
Foreign Exchange variance	4	-	29	33
Balance at 30 June 2015	<u>2,614</u>	<u>300</u>	<u>3,164</u>	<u>6,078</u>

**Victory Mines Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE</b>	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure capitalised		
- Exploration and evaluation phase	862,802	726,841
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
- Carrying amount at the beginning of the period*	726,841	653,987
- Exploration recognised on acquisition of Victory Mines Limited**	1,936,502	-
- Costs capitalised during the period	747,307	72,854
- Costs impaired during the period ***	(2,547,848)	-
Carrying amount at the end of the period	<b>862,802</b>	<b>726,841</b>

\* Opening balance is that of South American Tin Limited (SAT).

\*\* Being the excess of consideration over the net assets acquired at acquisition date (refer note 23).

\*\*\* During the period as a decision was made to focus on its Bolivian activities. The Australian projects were surrendered as at balance date. As a result the Group impaired the excess on acquisition and the carrying amount of previous expenditure incurred on Australian projects.

<b>NOTE 11: TRADE AND OTHER PAYABLES</b>	<b>2015</b>		<b>2014</b>	
	<b>\$</b>		<b>\$</b>	
<b>a. Current Liabilities</b>				
Trade and other payables	1,152,841	137,391		
Trade creditors are expected to be paid on 30 day terms.				
<b>b. Loans payable</b>				
Loans payable to external parties	229,550	23,743		
<b>c. Provisions</b>				
Employee provisions	354,592	160,389		
<b>d. Income Tax</b>				
Income Tax liability*	63,147	54,467		

\*South American Tin Limited incurred income tax liability totalling \$54,467 during 2012 and 2013 financial years. As the liability has not been settled as at the date of this report the Company incurred interest expense of \$8,680.

**Victory Mines Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11: TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>e. Convertible Note</b>		
Convertible Note*	235,967	205,000

\* South American Tin Limited issued two convertible notes in the value of \$205,000 and \$20,000 respectively with the interest rate at 10% per annum at the conversion price of 75% of the weighted average price of all seed capital shares issued prior to the issue of any convertible note loan sum.

**NOTE 12: ISSUED CAPITAL**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>\$.</b>	<b>\$</b>
Opening contributed equity	3,456,446	2,180,112
Shares issued during the year for cash	548,000	566,549
Share based payments for services rendered	801,679	838,741
Shares issued for interest on convertible note	11,573	19,133
Shares issued for the acquisition of SAT (note 23)	1,753,307	-
Shares cancelled as a result of share based payments not vesting	(199,669)	(148,089)
Less: Share Issue Costs	(72,001)	-
<b>Closing contributed equity</b>	<b>6,299,335</b>	<b>3,456,446</b>

**(a) Issued Capital – Legal Parent Entity**

	<b>Legal Parent</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
On issue at 1 July	546,360,689	72,594,022
Shares issued during the year for cash	211,791,666	153,250,000
Share based payments for services rendered	233,783,333	320,516,667
Shares issued to SAT shareholders	904,301,266	-
<b>Balance at 30 June</b>	<b>1,896,236,954</b>	<b>546,360,689</b>

30 June 2014 figures represent issued capital of Parent Subsidiary (SAT). On 11 December 2014, Listed Parent (VIC) acquired SAT. Closing number of shares as at 30 June 2015 represent the share capital of Listed Parent (VIC).

# Victory Mines Limited

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## NOTES TO THE FINANCIAL STATEMENTS

### 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 12: 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.

	2015	2014
	\$	\$
Cash and cash equivalents	25,870	243
Trade and other receivables	26,269	-
Other assets	21,569	200,000
Trade and other payables	(1,800,130)	(137,391)
Working capital position	<u>(1,726,422)</u>	<u>62,852</u>

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

	Number	Weighted Average Exercise Price (\$)
<b>Options outstanding as at 1 July 2013</b>	59,587,007	-
Issued (i)	78,262,500	0.03
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2014</b>	<u>137,849,507</u>	<u>0.03</u>
<b>Options outstanding as at 1 July 2014</b>	137,849,507	-
Issued (ii)	26,387,500	0.03
Forfeited	-	-
Exercised	-	-
Expired	(9,429,007)	0.20
<b>Options outstanding as at 30 June 2015</b>	<u>154,808,000</u>	<u>0.03</u>

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

(ii) Of these options, 25,687,500 unlisted options issued are the free attaching options issued as part of July/September 2014 placement.

Of these options, 700,000 unlisted options issued are subject to directors' options as per contract agreements.

## Victory Mines Limited

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### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 13: REMUNERATION OF KEY MANAGEMENT PERSONNEL

As disclosed in note 23 to the financial report, Victory Mines Limited entered into a transaction which constituted a reverse acquisition under Australian Accounting Standards. As such the financial report is a continuation of the accounting acquirer; South American Tin Limited and its controlled entities. The remuneration disclosed in the table below is that of the key management personnel for the entire year of the respective companies being Victory Mines Limited and South American Tin Limited and its controlled entities. As such the remuneration in the tables below will not reflect what has been reflected in the consolidated statement of profit or loss and other comprehensive income.

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	368,333	185,000
Post-employment benefits	34,992	17,113
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2,010	12,750
Total Remuneration paid or due to be paid	<u>405,335</u>	<u>214,863</u>

#### NOTE 14: AUDITORS' REMUNERATION

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	26,500	10,540
	<u>26,500</u>	<u>10,540</u>

**Victory Mines Limited****ABN 39 151 900 855****NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 15: CASHFLOW INFORMATION</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(4,172,264)	(1,585,478)
Non-cash flows in loss		
Share Based Payments	100,476	1,064,703
Depreciation	5,111	4,259
Interest expense	93,777	-
Provision for IVA expense	7,085	-
Exploration expenditure impaired	2,547,848	-
Write-off other	236,725	-
Changes in assets and liabilities;		
(Increase)/decrease in trade and other receivables	551,458	(24,765)
(Increase)/decrease in prepayments	-	(80,796)
(Increase)/decrease in exploration expenditure	(109,159)	-
Increase/(decrease) in trade payables and accruals	49,459	250,406
Cashflow from operations	(689,484)	(371,671)

**b. Non-cash Financing and Investing Activities****2014**

- On 1 December 2014 Dr James Ellingford was issued shares and options in Victory Mines Limited to the value of \$1,000 and \$150 respectively as per employment agreement.
- On 1 December 2014 Peter Peebles was issued shares and options in Victory Mines Limited to the value of \$400 and \$30 respectively as per employment agreement.
- On 1 December 2014 Ashley Hood was issued shares and options in Victory Mines Limited to the value of \$400 and \$30 respectively as per employment agreement.

## Victory Mines Limited

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### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 16: 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.

##### 2015

- Mining Corporate Pty Ltd, a company of which the Company Secretary and Non-Executive Director, Mrs Elizabeth Hunt is a director of, was paid or due to be paid \$213,135 for company secretarial, acquisition of subsidiary, accounting and bookkeeping services.
- Darlington Geological Services, a company of which the Technical Director, Peter Peebles is a director, was due to be paid an aggregate amount of \$42,570 for geological services rendered.
- During the year, Compañía Consultora Minera Ollantay S.R.L., a company of which the Managing Director, John Kelly is a director, was due to be paid an aggregate amount of \$152,635 in lieu of services rendered.

##### 2014

- 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.
- During the year Darlington Geological Services, a company of which the Technical Director, Peter Peebles is a director, was due to be paid an aggregate amount of \$66,150 for geological services.
- During the year Ashley Hood was paid \$7,650 in consulting fees.

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

#### NOTE 17: EVENTS AFTER REPORTING PERIOD

- On 2 July 2015, the Company acquired 100% of NorthEast Minerals Pty Ltd from Niocorp Developments Ltd.
- On 11 August 2015, the Company announced that its Bolivian subsidiary, Gondwanaland received an offer from European minerals trading firm to purchase up to 3,000 tonnes of tin concentrates per annum. This will be a significant development that may result in the company generating near-term revenue from the sale of tin concentrates sourced from the Siglo XX Mine.
- On 12 August 2015, Terence Clee and Elizabeth Hunt were appointed as Non-Executive Directors of Victory Mines. Elizabeth Hunt is also currently the Company Secretary for Victory and will remain in this position.
- On 18 September 2015, the Company consolidated its issued share capital following shareholder approval on 10 September 2015. Every 35 Shares were consolidated into 1 Share and every 35 Options were consolidated into 1 Option.
- On 23 September 2015, the Company announced that it had received placement subscriptions to raise up to \$2 million at \$0.0006 per share following shareholder approval on 10 September 2015.
- On 29 September 2015, the Company announced that it has issued 217,314,923 shares at an issue price of \$0.00784 per share as part of the placement approved at the shareholder meeting on 10 September 2015.

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.

## Victory Mines Limited

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 18: SHARE BASED PAYMENTS

##### 2014

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date \$
Unlisted Options issued on 1 December 2014 as per employment agreement exercisable at \$0.03 on or before 31 December 2016 *	700,000	27/11/2014	0.0003
Shares issued on 1 December 2014 as per employment agreement on 27 November 2014 as approved at AGM	450,000	27/11/2014	0.004
Shares issued for acquisition of SAT on 11 December 2014 as approved at GM	904,301,266	17/10/2014	0.0019
Shares issued in lieu of services on 27 February 2015 as approved at AGM	233,333,333	27/11/2014	0.003

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

The options were deemed to have fair value of \$0.0003 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.04
Exercise price	\$0.03
Expected volatility	85%
Risk-free interest rate	2.50%

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.

#### NOTE 19: COMMITMENTS

The aggregate value of share based payments for the financial year was \$2,456,907.

##### 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.

	2015	2014
	\$	\$
Not Longer than 12 months	-	118,000
Between 12 months and 5 years	-	181,342
Longer than 5 years	-	-
	-	299,342

## Victory Mines Limited

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### NOTES TO THE FINANCIAL STATEMENTS

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If the Group 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.

The Group relinquished all of its Australian exploration assets as at the balance date. Therefore, there are no commitments for Australian exploration assets at 30 June 2015. There are no minimum expenditure requirements set by Bolivian mining law in relation to the Bolivian assets.

#### **NOTE 20: CONTINGENT LIABILITIES**

In the opinion of the directors there were no contingent liabilities as at 30 June 2015.

#### **NOTE 21: OPERATING SEGMENTS**

The Group 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. Following the acquisition of South American Tin Limited, the Group is managed on the basis of two geographical segments being Australia and Bolivia, and two business segments being mineral exploration and development and treasury.

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### *Inter-segment transactions*

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

##### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

##### *Unallocated items*

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Head office and other administrative expenditure

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

Period Ended 30 June 2015	Exploration Australia	Exploration South America	Treasury	Total
	\$	\$	\$	\$
Segment revenue	-	-	-	-
Segment results	<b>(2,547,848)</b>	-	-	<b>(2,547,848)</b>

Amounts not included in segment results but reviewed by Board:

Compliance fees	(76,100)
Directors' remuneration	(339,931)
Other expenses	(1,208,385)
Loss before income tax	<b>(4,172,264)</b>

Period Ended 30 June 2014	Exploration Australia	Exploration South America	Treasury	Total
	\$	\$	\$	\$
Segment revenue	-	-	9	9
Segment results	-	-	<b>9</b>	<b>9</b>

Amounts not included in segment results but reviewed by Board:

Compliance fees	-
Directors' remuneration	(65,197)
Exploration Expenditure write-off	-
Other expenses	(1,520,289)
Loss before income tax	<b>(1,585,477)</b>

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

**(a) Segment assets and liabilities**

As at 30 June 2015	Exploration Australia	Exploration South America	Treasury	Total Operations
	\$	\$	\$	\$
<b>Segment assets</b>				
- Cash and cash equivalents	-	-	25,870	25,870
- Exploration expenditure	-	862,802	-	862,802
<i>Reconciliation of segment assets to total assets</i>				
Trade and other receivables				26,269
Plant & office equipment				6,078
Other assets				21,569
<b>Total assets</b>				<b>942,588</b>

As at 30 June 2015	Exploration Australia	Exploration South America	Treasury	Total Operations
	\$	\$	\$	\$
<b>Segment liabilities</b>				
<i>Reconciliation of segment liabilities to total liabilities</i>				
Trade and other payables	-	(541,861)	(1,258,269)	(1,800,130)
Convertible Note			(235,967)	(235,967)
<b>Total liabilities</b>				<b>(2,036,098)</b>

30 June 2014	Exploration Australia	Exploration South America	Treasury	Total Operations
	\$	\$	\$	\$
<b>Segment assets</b>				
- Cash and cash equivalents	-	-	243	243
- Exploration expenditure	-	726,841	-	726,841
<i>Reconciliation of segment assets to total assets</i>				
Trade and other receivables				92
Plant & office equipment				8,654
Other assets				200,000
<b>Total assets</b>				<b>935,830</b>

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

### Segment liabilities

#### *Reconciliation of segment liabilities to total liabilities*

Trade and other payables	-	(274,870)	(101,120)	(375,990)
Convertible note	-	-	(205,000)	(205,000)
<b>Total liabilities</b>				<b>(580,990)</b>

### NOTE 22: FINANCIAL RISK MANAGEMENT

The Group'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.

## Victory Mines Limited

ABN 39 151 900 855

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 2015, 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:

<b>CHANGE IN LOSS</b>	<b>Change</b> <b>\$</b> <b>2015</b>	<b>Change</b> <b>\$</b> <b>2014</b>
Increase in interest rate by 200 basis points	517	5
Decrease in interest rate by 200 basis points	(517)	(5)

<b>CHANGE IN EQUITY</b>	<b>Change</b> <b>\$</b> <b>2015</b>	<b>Change</b> <b>\$</b> <b>2014</b>
Increase in interest rate by 200 basis points	517	5
Decrease in interest rate by 200 basis points	(517)	(5)

#### 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: BUSINESS COMBINATION

On 11 December 2014, the Company acquired 100% of the issued share capital of South American Tin Limited, which has an 80% interest in Compañia Minera Gondwanaland S.A., an entity that holds contractual rights to several mining projects prospective for tin and other metals in Bolivia. South American Tin Limited was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business combinations. Therefore the transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements of Victory Mines Limited have been prepared as a continuation of consolidated statements of South American Tin Limited. South American Tin (as the deemed acquirer) has accounted for the acquisition of Victory Mines Limited from December 2014. The implications of this transaction are explained further in the basis of preparation section in note 1. Full details of the acquisition were set out in explanatory statement to the notice of general meeting held on 17 October 2014.

Value of shares issued by the Company: The listed company issued 904,301,266 Victory Mines shares to South American Tin shareholders and one convertible note as for the acquisition of South American Tin Limited. Shares issued to South American Tin shareholders were issued at a value of \$0.006 per share.

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

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**Balance Sheet** \$

**Current Assets**

Cash and cash equivalents	35,646
Trade and other receivables	359,422
<b>Total Current Assets</b>	<b>395,068</b>

**Non-Current Assets**

Exploration and evaluation expenditure	638,148
Other assets	158,756
<b>Total Non-Current Assets</b>	<b>796,904</b>
<b>Total Assets</b>	<b>1,191,972</b>

**Current Liabilities**

Trade and other payables	1,375,167
<b>Total Current Liabilities</b>	<b>1,375,167</b>

\$

Consideration paid for the acquisition	1,753,307
Less: Fair Value of Net Assets of Victory Mines Limited	(183,195)
Excess of consideration *	1,936,502

\* The excess of consideration over net assets was impaired as the Board changed its strategy from exploration activities on Victory Mines Limited's existing Australian tenements to that of Bolivia.

Net cashflow arising on acquisition:

Consideration paid in cash	-
Cash acquired	35,646
Excess of consideration *	35,646

# Victory Mines Limited

ABN 39 151 900 855

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 24: INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of incorporation	Class of share	Equity holding	
			30 June 2015	30 June 2014
Victory Exploration Pty Ltd	Australia	Ordinary	100%	100%
South American Tin Limited	Australia	Ordinary	100%	-
Compañía Minera Gondwanaland S.A.	Bolivia	Ordinary	80%*	-

\*The Company's 80% interest in Compañía Minera Gondwanaland S.A. is via an agreement with the shareholders of Compañía Minera Gondwanaland S.A. to hold 80% of the Company's share in trust, for the benefit of South American Tin Limited.

### NOTE 25: 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

	2015	2014
	\$	\$
<b>ASSETS</b>		
Current Assets	(167)	(7)
Non-Current Assets	2,310,381	2,178,396
<b>TOTAL ASSETS</b>	<b>2,310,214</b>	<b>2,178,389</b>
<b>LIABILITIES</b>		
Current Liabilities	(191,392)	(101,120)
Non-Current Liabilities	(538,957)	(205,000)
<b>TOTAL LIABILITIES</b>	<b>(730,349)</b>	<b>(306,120)</b>
<b>NET ASSETS</b>	<b>1,579,865</b>	<b>1,872,269</b>
<b>EQUITY</b>		
Issued Capital	3,384,113	3,456,446
Reserve	-	-
Accumulated losses	(1,804,248)	(1,584,177)
<b>TOTAL EQUITY</b>	<b>1,579,865</b>	<b>1,872,269</b>

**Victory Mines Limited**

**ABN 39 151 900 855**

**NOTES TO THE FINANCIAL STATEMENTS**

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**STATEMENT OF FINANCIAL PERFORMANCE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(304,577)	(719,337)
Other comprehensive income	-	-
Total comprehensive income	<b>(304,577)</b>	<b>(719,337)</b>

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

## Victory Mines Limited

ABN 39 151 900 855

### CORPORATE DIRECTORY

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#### 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](mailto:info@victorymines.com.au)  
Web: [www.victorymines.com.au](http://www.victorymines.com.au)

#### DIRECTORS

Dr James Ellingford – Non-Executive Chairman  
Mr John Kelly – Managing Director  
Mr Peter Peebles – Technical Executive Director  
Mr Ashley Hood – Non-Executive Director  
Mrs Elizabeth Hunt – Non-Executive Director  
Mr Terence Clee – 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](http://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

**Victory Mines Limited**

**ABN 39 151 900 855**

**DIRECTORS' DECLARATION**

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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 2015 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.



John Kelly  
Managing Director

Dated this 30<sup>th</sup> day of September 2015

## Victory Mines Limited

ABN 39 151 900 855

### SHAREHOLDER INFORMATION

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The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 28 September 2015.

#### 1. Shareholding

##### a. Distribution of Shareholders

Category (size of holding)	Number
	Ordinary Shares (VIC)
1 – 1,000	126
1,001 – 5,000	76
5,001 – 10,000	41
10,001 – 100,000	126
100,001 – and over	75
Total no. of holders	<u>444</u>

b. The number of shareholdings held in less than marketable parcels is 106.

c. Percentage of the 20 largest holders 59.20%

d. Total on issue 58,601,550

e. The Company has the following substantial shareholders listed in the Company's register as at 28 September 2015:

Holder	Number	%
Belloc Pty Ltd	3,380,953	6.24
Compania Consultora Minera OlIntay SRL	3,349,780	6.18

##### 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.

## Victory Mines Limited

ABN 39 151 900 855

### SHAREHOLDER INFORMATION

g. 20 Largest Shareholders as at 28 September 2015 Ordinary Fully Paid Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Belloc Pty Ltd	3,380,953	6.24
2. Compania Consultora Minera Ollantay SRL	3,349,780	6.18
3. Mr Benjamin Jarvis	2,294,461	4.24
4. John Peter Kelly	2,171,279	4.01
5. John Peter Kelly <Possum Super Fund A/C>	2,055,072	3.79
6. Donald Robin Walker	1,921,614	3.55
7. Trading and Investment Group Pty Ltd	1,619,048	2.99
8. Dra Wara Rojas	1,516,580	2.80
9. UBS Wealth Management Australia Nominees Pty Ltd	1,477,333	2.73
10. Batiha Pty Limited	1,476,362	2.72
11. Suburban Holidngs Pty Limited <Suburban Super Fund A/C>	1,408,251	2.60
12. Jetan Pty Ltd	1,316,619	2.43
13. Mr Errol Bome & Mrs Melanie Bome <The Bome Super Fund A/C>	1,285,715	2.37
14. Celtic Capital Pty Ltd <Celtic Capital No 2 A/C>	1,178,572	2.18
15. Landpath Pty Ltd	979,331	1.81
16. Peplon Nominees Pty Ltd	971,428	1.79
17. Mr David Hannon	952,381	1.76
18. Yellow Sky Holdings Pty Limited	937,374	1.73
19. Six Degrees Group Holdings Pty Ltd	908,096	1.68
20. Trevor James Jackson & Wendy Christine Jackson <Jacksonhill Super Fund A/C>	872,799	1.61
	<b>32,073,048</b>	<b>59.20</b>

## **Victory Mines Limited**

**ABN 39 151 900 855**

### **SHAREHOLDER INFORMATION**

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#### **2. Unquoted Securities**

The Company has the following unquoted securities

- 1,185,722 unlisted options exercisable at \$7.00 on or before 9 October 2015
- 133,099 unlisted options exercisable at \$14.00 on or before 9 October 2015
- 2,990,016 unlisted options exercisable at \$1.05 on or before 31 December 2016
- 114,286 unlisted options exercisable at \$7.00 on or before 9 October 2017

**Victory Mines Limited**  
**ABN 39 151 900 855**

**SCHEDULE OF EXPLORATION TENEMENTS**

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*AS AT 30 SEPTEMBER 2015*

<b><i>Project</i></b>	<b><i>Tenement</i></b>	<b><i>Interest held by Victory Mines Limited</i></b>
Jungle Well	E29/679	-
Laverton	E38/2374	-
Station Bore	E69/2872	-

P Prospecting Licence

E Exploration Licence

M Mining Licence