VICTORY MINES LIMITED

And its Controlled Entities

ABN 39 151 900 855

ANNUAL REPORT

For the year ended 30 June 2016

Victory Mines Limited

ABN 39 151 900 855

CONTENTS

DIRECTORS' REPORT

Your directors present the following report on Victory Mines Limited ("the Company") and its wholly owned subsidiaries Victory Exploration Pty Ltd and South American Tin Limited (together referred to hereafter as "the Group") for the financial year ended to 30 June 2016.

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 years ended 30 June 2015 and 30 June 2016 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.

DIRECTORS

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

James Ellingford	Non-Executive Chairman
Terence Clee	Non-Executive Director (appointed 12 August 2015)
Peter Peebles	Non-Executive Director (resigned 18 May 2016; appointed 22 August 2016)
Elizabeth Hunt	Non-Executive Director (appointed 12 August 2015; resigned 19 August 2016)
Ashley Hood	Non-Executive Director (resigned 18 May 2016)
John Kelly	Managing Director (resigned 30 November 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).

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were potential project acquisition.

On 6th April 2016, the Company announced that it had entered into a binding Heads of Agreement (HoA) to acquire 100% of the issued capital in Milestone Sport, Ltd (an entity incorporated in Israel).

On 17 August, the Company announced that it has mutually agreed with Milestone Sport to terminate the HoA with no acknowledgement of fault by either party. In addition, the Company has agreed to allow Milestone Sport until 30 April 2017 to repay the US $500,000 (AUD $669,555) loan that was made to Milestone Sport at the time of signing the Agreement. The Company will refocus on its Bolivian assets and other opportunities in the resources sector.

Consequently, 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 $3,143,525 (2015: $4,172,264).

FINANCIAL POSITION

As at 30 June 2016 the Group had a cash balance of $213,198 (2015: $25,870) and a net asset position of $407,725 (2015: $1,093,509 deficit).

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 2016.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- On 27 July 2015, the Company announced that it had surrendered all of its Western Australian projects.
- On 12 August 2015, Terence Clee and Elizabeth Hunt were appointed as Non-Executive Directors of Victory Mines.
- 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 29 September 2015, the Company issued 217,314,923 shares at $0.00784 per share as part of the placement approved at the shareholder meeting held 10 September 2015.
- On 2 October 2015 and 19 October 2015, the Company issued 80,644,260 shares and 31,505,099 shares, respectively, at $0.00784 per share.
- On 23 October 2015, the Company announced that John Kelly ceased his position as the Managing Director of the Company but remained a Director. Subsequently, on 30 November 2015, John Kelly resigned from the Board. The Company advised that it will still maintain its interests in South American Tin Limited and projects in Bolivia while continuing to explore other opportunities.
- In November 2015, the Company signed deeds of release with various parties resulting in the extinguishment of debt via the settlement of cash and equity payments. Pursuant to the deed, a total of $250,000 was paid to Mr Kelly to settle outstanding liabilities of $896,972 payable resulting in a gain in profit or loss of $646,972. As part of the deeds, the Company agreed to issue 2,970,604 shares to settle the convertible note held by Mr Kelly. The shares were issued on 6 May 2016.
- On 9 December 2015 and 21 December 2015, the Company issued 63,666,665 shares and 39,066,666 shares, respectively, at $0.015 per share.
- On 28 January 2016, the Company advanced a $220,000 short term loan which attracted 8% per annum interest. The loan has been repaid to the Company during the financial year. The earned interest was partially repaid to the Company during the year with the balance of $14,204 yet to be repaid as at the date of this report.
- On 23 February 2016, the Company issued 70,201,540 shares at $0.01 per share as part of the placement approved at the annual general meeting held 27 November 2015.
- On 2 March 2016, the Company issued 66,141,666 options exercisable at $0.02 on or before 30 June 2017 to the participants in the placement approved at the annual general meeting held 27 November 2015 on the basis of one option for every two shares issued. The options were issued from the Company's 15% placement capacity.
- On 18 May 2016, the Company announced resignations of directors Mr Peter Peebles and Mr Ashley Hood.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no 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

During financial year the Company entered into a binding Heads of Agreement to acquire 100% of technology based company in Israel and change its nature and scales of activities from exploration to technology. In August 2016, the Company mutually agreed to terminate the Heads of Agreement and not proceed with the acquisition of technology based company. Company will now look to refocus on its Bolivian assets and other opportunities in the resources sector.

South American Tin Limited, Bolivia

During the financial year, SAT's 80%-controlled Bolivian subsidiary, C.M. Gondwanaland S.A. ("Gondwanaland") Siglo XX Tin Mine project was on hold. The project includes the mine itself, the San Pedrito Project to the immediate south of Siglo XX and various tailings stockpiles associated with the Siglo XX Mine.

Western Australia Projects

During the financial year, the Company surrendered all of its Western Australian projects.

EVENTS AFTER THE REPORTING PERIOD

On 17 August 2016, the Company announced that it has mutually agreed with Milestone Sports Ltd to terminate the Heads of Agreement. In addition, Victory has agreed to allow Milestone Sports Ltd until 30 April 2017 to repay the US $500,000 (AUD $669,555) of loan advanced to Milestone Sport Ltd at the time of signing the Heads of Agreement.

On 22 August 2016, the Company announced resignation of Non-Executive Director, Mrs Elizabeth Hunt who remains as Company Secretary. The Company also announced the appointment of Mr Peter Peebles as Non-Executive Director.

On 22 September 2016, the Company entered into a loan agreement for working capital purposes for $350,000 for a term of 2 years with interest payable compounding at 7% per annum. The lender is not a related party of the Company.

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

INFORMATION ON DIRECTORS

Dr James Ellingford	***Non-Executive Chairman***
D.Mgt, MBA, Post Grad Corp Man, AICD	Dr Ellingford's professional life culminated in being President of an international publicly listed billion dollar business with its headquarters in Geneva, Switzerland and New York, USA. He has vast experience in the international arena and has successfully developed close ties with both financial institutions as well as governments throughout the world. Dr Ellingford holds a Post Graduate in Corporate Management, a Masters in Business Administration as well as a Doctorate in Management. Dr Ellingford also 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	287,144 fully paid ordinary shares 42,858 options exercisable at $1.05 on 31/12/2016 500,000 options exercisable at $0.03 on 30/11/2018
Directorships held in other listed entities in last 3 years	Capital Mining Limited (8 January 2013 until 7 August 2015) Zyber Holdings Limited (9 January 2014 until 1 February 2016)
Mr Terence Clee	***Non-Executive Director (appointed on 12 August 2015)***
	Mr Clee holds a Bachelor of Commerce (Accounting) and a Bachelor of Laws from the University of NSW. Mr Clee started his career at KPMG, working in Corporate Audit and Tax. He then became a partner at Hemsley Lawyers working for large clients in the mining and technology space. Mr Clee also 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 an Australia-wide technology company in the real estate space and was previously a director of Sydney based serviced offices and managed service business. Mr Clee is admitted to the Supreme Court of NSW. Mr Clee is a director of several of listed and unlisted companies.
Interest in Shares and Options	Nil
Directorships held in other listed entities in last 3 years	Elysium Resources Limited (since 18 May 2016)

Mr Peter Peebles	***Executive Director (Technical) (resigned 18 May 2016; appointed as Non-Executive Director 22 August 2016)***
BA (Esc), MAusIMM, AIG	Mr Peebles is a geologist, with 25 years' experience in gold, manganese, lateritic nickel, uranium, iron ore and base metals. He has worked extensively within the Yilgarn and Pilbara regions of Western Australia as well as in the Kimberley. He has also worked in the Philippines and New Zealand. He has been Exploration Manager, Project Manager and Mine Manager for both large and small public companies as well as being a consultant geologist. Mr Peebles is Victory Mines' Technical Director and is currently the Exploration Manager for two public companies. He is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.
Interest in Shares and Options	182,346 fully paid ordinary shares 8,572 options exercisable at $1.05 on 31/12/2016 100,000 options exercisable at $0.03 on 30/11/2018
Directorships held in other listed entities in last 3 years	None
Mrs Elizabeth Hunt	***Non-Executive Director & Company Secretary (appointed as Director on 12 August 2015; resigned as Director on 19 August 2016)***
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 in last 3 years	None
Mr Ashley Hood	***Non-Executive Director (resigned 18 May 2016)***
	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	123,019 fully paid ordinary shares 8,573 options exercisable at $1.05 on 31/12/2016 100,000 options exercisable at $0.03 on 30/11/2018
Directorships held in other listed entities in last 3 years	Global Metals Exploration NL (20 January 2011 – January 2014)

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

During the year, Mr Peter Peebles was engaged by the Company in an executive capacity as an Executive Technical Director. Mr Peebles' contract was for a term of 3 years from 22 September 2011 with the option to extend for a further 3 years. Under the terms of the agreement, Mr Peebles' directors' fee was $15,000 per annum plus statutory superannuation plus 100,000 shares and 100,000 options annually (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. Mr Peebles' fee was increased to $40,000 effective 1 January 2016. Mr Peebles resigned on 18 May 2016 and was reappointed as Non-Executive Director on 22 August 2016.

Appointments of non-executive directors James Ellingford, Terence Clee and Peter Peebles 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.

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 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 annually. Mr Hood resigned on 18 May 2016.

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. Effective 1 December 2015, Mr Clee's director's fees were amended to $48,000 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. Mrs Hunt resigned from her position as Non-Executive Director on 19 August 2016.

2. Remuneration policy

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

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

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

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

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

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

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives as 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 2016

During the period the following options were issued to directors

-500,000 options exercisable at $0.03 on 30 November 2018 to Dr James Ellingford

-100,000 options exercisable at $0.03 on 30 November 2018 to Peter Peebles

-100,000 options exercisable at $0.03 on 30 November 2018 to Ashley Hood

4. Details of remuneration for the period ended 30 June 2016

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		Termination Benefits	Total	Value of Options Remuneration	Performance Related
	Cash, salary & commissions	Super-annuation	Other	Equity	Options				
	$	$	$	$	$	$	$	%	%
Directors									
James Ellingford	130,000	12,350	-	2,500 (i)	2,000 (i)	-	146,850	1.36	-
Peter Peebles (ii)	20,834	2,612	-	1,000 (i)	400 (i)	6,666 (v)	31,512	1.05	-
Ashley Hood (ii)	33,334	3,800	-	1,000 (i)	400 (i)	6,666 (v)	45,200	0.77	-
John Kelly (iii)	-	-	-	-	-	75,000	75,000	-	-
Elizabeth Hunt (iv)	40,000	-	-	-	-	-	40,000	-	-
Terence Clee (iv)	35,226	-	-	-	-	-	35,226	-	-
	259,394	**18,762**	**-**	**4,500**	**2,800**	**88,332**	**373,788**	**0.72**	**-**

4. Details of remuneration for the period ended 30 June 2016 (continued)

(i) James Ellingford, Peter Peebles and Ashley Hood were issued shares and options as per their contract agreements with the Company and as approved by shareholders.

(ii) Peter Peebles and Ashley Hood resigned as Directors of Victory Mines Limited on 18 May 2016.

(iii) John Kelly resigned as the Director of Victory Mines Limited on 30 November 2015. During the year the Company signed deed of release with various parties resulting in the extinguishment and forgiveness of debt via the settlement of cash and equity payments. Pursuant to the deed, a total of $250,000 was paid to Mr Kelly to settle outstanding liabilities of $896,972 payable resulting in a gain in profit or loss of $646,972.

(iv) Elizabeth Hunt and Terence Clee were appointed as Non-Executive Directors on 12 August 2015.

(v) Termination benefits were settled during 2017 financial year.

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.

Remuneration information for each key management personnel of the Company for the 2015 financial year was paid or due to be paid as follows:

Key Management Person	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Value of Options Remuneration	Performance Related
	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
Directors								
James Ellingford	130,000	12,350	-	1,000(i)	150(i)	143,500	0.10	-
Peter Peebles	15,000	1,425	-	400(i)	30(i)	16,855	0.18	-
Ashley Hood	40,000	3,800	-	400(i)	30(i)	44,230	0.07	-
John Kelly (ii)	183,333	17,417	-	-	-	200,750	-	-
	368,333	**34,992**	**-**	**1,800**	**210**	**405,335**	**0.50**	**-**

(i) James Ellingford, Peter Peebles and Ashley Hood were issued shares and options 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.

5. Options and Rights Over Equity Instruments Granted as Compensation

Details of options over ordinary shares in the Company that were granted in 2016 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 2015	$0.004	$0.03	30 November 2018	500,000
Peter Peebles	100,000	27 November 2015	$0.004	$0.03	30 November 2018	100,000
Ashley Hood	100,000	27 November 2015	$0.004	$0.03	30 November 2018	100,000

No options have been exercised or lapsed during the period.

5. Options and Rights Over Equity Instruments Granted as Compensation (continued)

Details of options over ordinary shares in the Company that were granted in 2015 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	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

Shareholdings

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

Director / Key Management Personnel	Balance 01.07.2015 No.	Net Change due to consolidation No.	Granted as Compensation No.	Acquired	Balance 30.06.2016 No.
James Ellingford	1,300,000	(1,262,856)	250,000	-	287,144
Peter Peebles**	2,882,055	(2,799,709)	100,000	-	182,346****
Elizabeth Hunt*	1,810,000***	(1,758,284)	-	-	51,716
Terence Clee*	-	-	-	-	-
Ashley Hood*****	805,616	(782,597)	100,000	-	123,019****
John Kelly	318,254,778	(309,162,067)	-	3,443,878	12,536,589****
Total	**325,052,449**	**(315,765,513)**	**450,000**	**3,443,878**	**13,180,814**

*Mrs Hunt and Mr Clee were appointed as Non-Executive Directors on 12 August 2015. Mrs Hunt resigned as Non-Executive Director on 19 August 2016.
** Mr Peebles resigned on 18 May 2016. Mr Peebles was appointed as Non-Executive Director on 22 August 2016.
*** Balance at appointment.
**** Balance at resignation
***** Mr Hood resigned on 18 May 2016.

Number of Shares held by Key Management Personnel as at 30 June 2015 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
Total	**2,537,671**	**450,000**	**320,254,778**	**323,242,449**

* On market purchase.
** Balance at appointment.

5. Options and Rights Over Equity Instruments Granted as Compensation (continued)

Options Holdings

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

	Balance 01.07.2015 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.06.2016 No.	Total Vested 30.6.2016 No.
Directors						
James Ellingford	2,750,000	500,000	-	(2,707,142)	542,858	542,858
Peter Peebles**	550,000	100,000	-	(541,428)	108,572******	108,572
Elizabeth Hunt*	312,500***	-	-	(303,571)	8,929	8,929
Terence Clee*	-	-	-	-	-	-
Ashley Hood****	550,000	100,000	-	(541,427)	108,573******	108,573
John Kelly*****	-	-	-	-	-	-
Total	**3,612,500**	**600,000**	**-**	**(3,552,141)**	**660,359**	**660,359**

*Mrs Hunt and Mr Clee were appointed as Non-Executive Directors on 12 August 2015. Mrs Hunt resigned as Non-Executive Director on 19 August 2016.
** Mr Peebles resigned on 18 May 2016. Mr Peebles was appointed as Non-Executive Director on 22 August 2016.
*** Balance at appointment.
**** Mr Hood resigned on 18 May 2016.
***** Mr Kelly resigned on 30 November 2015.
****** Balance at resignation

Number of Options Held by Key Management Personnel as at 30 June 2015 was as follows:

	Balance 01.07.2014 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.6.2015 No.	Total Vested 30.6.2015 No.
Directors						
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	-	-	-	-	-	-
Total	**3,433,014**	**700,000**	**-**	**(283,014)**	**3,850,000**	**3,850,000**

Other transactions with Key Management Personnel

2016

- Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is a director of, was paid or due to be paid $266,200 for company secretarial, acquisition of subsidiary, accounting and bookkeeping services.
- Darlington Geological Services, a company of which the Technical Director, Peter Peebles was a director during the financial year, was due to be paid an aggregate amount of $26,125 for geological services rendered.
- During the year, Terence Clee was paid or due to be paid $11,200 for additional consulting fees rendered.
- During the year the Company signed Deeds of Release ("the deeds") with various parties resulting in the extinguishment of debt via the settlement of cash and equity payments.

Pursuant to the Deed, a total of $250,000 was paid to Mr Kelly to settle outstanding liabilities of $896,972 payable resulting in a gain in profit or loss of $646,972. As part of the Deeds, the Company agreed to issue 2,970,604 shares to settle the convertible note held by Mr Kelly. The shares were issued on 6 May 2016.

The Company signed a second deed with SAT, SAT director Ben Jarvis and former SAT director Trevor Jackson, and their associated entities, which settled outstanding liabilities of $69,822 resulting in a gain in profit or loss of $45,822.

Other transactions with Key Management Personnel (continued)

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, Compañia 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.

End of Remuneration Report

MEETINGS OF DIRECTORS

During the financial period, 8 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***	8	7	1	1
Ashley Hood***	8	6	1	1
James Ellingford	8	8	1	1
John Kelly*	5	3	-	-
Elizabeth Hunt**	6	5	-	-
Terence Clee**	6	6	-	-

* John Kelly resigned as Managing Director on 30 November 2015.

** Elizabeth Hunt and Terence Clee were appointed as Non-Executive Directors on 12 August 2015.

*** Peter Peebles and Ashley Hood resigned on 18 May 2016.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL ISSUES

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

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:

Date of Expiry	Exercise Price	Number under Option
31 December 2016	$1.05	2,990,016
30 June 2017	$0.02	66,141,666
9 October 2017	$7.00	114,286
30 November 2018	$0.03	700,000

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

On 10 September 2015, the Company consolidated its issued share capital following a shareholder approval, with every 35 Shares being consolidated into 1 Share and every 35 Options being consolidated into 1 Option.

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 2016 (2015: Nil).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2016 has been received and can be found on page 14 of the directors' report.

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

Dr James Ellingford
Chairman
Dated this 27th day of September 2016

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Victory Mines Limited for the financial year ended 30 June 2016, 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

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 27th day of September 2016

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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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation 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*.

Opinion

In our opinion:

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

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the Consolidated Entity incurred a net loss of $3,143,525 during the year ended 30 June 2016. 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 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Victory Mines Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 27th day of September 2016

Victory Mines Limited

ABN 39 151 900 855

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue	3	896,669	17,448
Administration expenses		(535,191)	(319,547)
Consulting fees		(686,858)	(213,330)
Marketing & promotion expenses		(874,481)	(81,582)
Directors fees		(379,319)	(339,931)
Impairment of exploration expenditure	10	(436,696)	(2,547,848)
Impairment of receivable	9	(669,555)	-
Travel and accommodation		(181,304)	(12,531)
Employee benefits expense		(105,809)	(253,908)
Other Expenses	4	(89,662)	(226,782)
Share based payments	18	(7,300)	(100,476)
Finance costs	4	(74,019)	(93,777)
Loss before income tax expense		**(3,143,525)**	(4,172,264)
Income tax expense	2	-	-
Loss after income tax expense for the year		**(3,143,525)**	(4,172,264)
Other comprehensive income			
Other Comprehensive Income that may be reclassified subsequently to profit and loss		-	-
Foreign currency translation		(68,169)	(118,973)
Total comprehensive income/(loss) for the year		**(3,211,694)**	(4,291,237)
Loss for the year is attributable:			
Non-controlling interest		(7,148)	(59,079)
Owners of South American Tin Limited		(3,136,377)	(4,113,185)
		(3,143,525)	(4,172,264)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(7,148)	(59,079)
Owners of South American Tin Limited		(3,204,546)	(4,232,158)
		(3,211,694)	(4,291,237)
Loss Per Share			
Basic and diluted loss per share (cents per share)	5	(0.72)	(11.97)

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 2016

	Note	2016	2015
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	213,198	25,870
Trade and other receivables	7	49,811	26,269
Other assets	8	146,519	21,569
TOTAL CURRENT ASSETS		**409,528**	**73,708**
NON-CURRENT ASSETS			
Plant & Office Equipment		-	6,078
Loans Receivable	9	-	-
Exploration and evaluation expenditure	10	450,000	862,802
TOTAL NON-CURRENT ASSETS		**450,000**	**868,880**
TOTAL ASSETS		**859,528**	**942,588**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11a	407,943	1,152,841
Loans Payable	11b	43,860	229,550
Provisions		-	354,592
Income Tax payable		-	63,147
TOTAL CURRENT LIABILITIES		**451,803**	**1,800,130**
NON-CURRENT LIABILITIES			
Convertible Note	11c	-	235,967
TOTAL NON-CURRENT LIABILITIES		**-**	**235,967**
TOTAL LIABILITIES		**451,803**	**2,036,097**
NET ASSETS		**407,725**	**(1,093,509)**
EQUITY			
Issued capital	12	11,009,463	6,299,335
Reserves		115,948	181,317
Accumulated losses		(10,454,766)	(7,318,389)
Equity attributable to the owners of South American Tin Limited		670,645	(837,737)
Non-controlling interest		(262,920)	(255,772)
TOTAL EQUITY		**407,725**	**(1,093,509)**

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 2016

	Issued Capital	Reserves	Accumulated losses	Non-Controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2015	**6,299,335**	**181,317**	**(7,318,389)**	**(255,772)**	**(1,093,509)**
Loss for the period	-	-	(3,136,377)	(7,148)	(3,143,525)
Other comprehensive income	-	(68,169)	-	-	(68,169)
Total comprehensive income	-	(68,169)	(3,136,377)	(7,148)	(3,211,694)
Transactions with owner directly recorded in equity					
Contributions of equity, net of transaction costs	4,710,128	-	-	-	4,710,128
Options issued during the period	-	2,800	-	-	2,800
Balance at 30 June 2016	**11,009,463**	**115,948**	**(10,454,766)**	**(262,920)**	**407,725**

	Issued Capital	Reserves	Accumulated losses	Non-Controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2014	**3,456,446**	**300,291**	**(3,205,204)**	**(196,693)**	**354,840**
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)
Transactions with owner directly recorded in equity					
Contributions of equity, net of transaction costs	2,842,889	-	-	-	2,842,889
Other Reserves	-	-	-	-	-
Balance at 30 June 2015	**6,299,335**	**181,317**	**(7,318,389)**	**(255,772)**	**(1,093,509)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,085,295)	(580,500)
Exploration and evaluation expenditure		(23,894)	(109,159)
Interest received		6,240	175
Net cash (used in) operating activities	15	**(2,102,949)**	**(689,484)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflow from acquisition of subsidiary	23	-	35,646
Loans advanced to other entities		(889,555)	-
Repayment of loans advanced		222,000	-
Purchase of plant & equipment		-	(2,535)
Net cash (used in) provided by investing activities		**(667,555)**	**33,111**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,788,999	734,000
Proceeds from issue of convertible note		330,000	20,000
Payment of transaction costs associated with capital raising		(161,167)	(72,000)
Net cash provided by financing activities		**2,957,832**	**682,000**
Net increase/ (decrease) in cash held		187,328	25,627
Cash at beginning of financial period		25,870	243
Cash at end of financial period	6	**213,198**	**25,870**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements were authorised for issue on 27th September 2016 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 11 December 2014 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 and 30 June 2016 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.

Consolidated statement of changes in financial position

- 30 June 2015 and 30 June 2016 consolidated statement represent both South American Tin Limited and its subsidiary and Victory Mines Limited and its subsidiary.

Consolidated cash flow statement

- 30 June 2015 and 30 June 2016 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.

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 2016 of $3,143,525 (2015: $4,172,264) and net cash outflows from operating activities of $2,102,949 (2015: $689,484), and as at that date had a working capital deficiency of $42,275 (2015: $1,726,422 deficit). Included in the loss for the year was an impairment loss of $1,106,251 (2015: $2,547,848) and gain on forgiveness of debt and fair value of financial liabilities of $692,794 and $167,390 respectively.

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, recovery of the US$500,000 loan made to Milestone Sport which is due and payable by 30 April 2017 and managing cash flow in line with available funds.

During the year the Company signed Deeds of Release (‘the deeds”) with various parties resulting in the extinguishment of all past, present and future liabilities with respect to the Company’s subsidiary Compania Minera Gondwanaland S.A. Pursuant to the deeds, Victory Mines Limited has resolved not to make any further payments to support the operations of SAT including its interest in Gondwanaland, as such the Consolidated Entity’s cash flow requirements and liabilities have reduced (refer note 3 for further detail).

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 $2.5 million from capital raisings, of which are on a best endeavours basis and not yet committed to.

In addition, on 22 September 2016, the Company entered into a loan agreement for working capital purposes for $350,000 for a term of 2 years with interest payable compounding at 7% per annum.

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, the directors are confident of the Company’s ability to raise additional funds as and when they are required.

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

c) Income Tax

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

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

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

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

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

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.
Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) Plant and Equipment

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Office equipment	40.0%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e) Exploration and Evaluation Expenditure

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

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

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

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

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

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

f) Leases

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

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

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

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

g) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

b) less principal repayments;

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

d) less any reduction for impairment.

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

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

- Financial assets at fair value through profit and loss

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

- Loans and receivables

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

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

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

- Available for sale financial assets

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

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

- Financial Liabilities

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

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.

i) Employee Benefits

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

Equity-settled compensation

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

j) Provisions

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

k) Cash and Cash Equivalents

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

l) Revenue

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

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

m) Borrowing Costs

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

n) Goods and Services Tax (GST)

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

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

o) Critical Accounting Estimates and Judgments

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

Environmental Issues

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

Taxation

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

Exploration and Evaluation Expenditure

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

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 18.

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 Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

q) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

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

Valuation techniques

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

r) Interests in joint operations

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

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

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

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

s) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2016. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 ‘Leases’ and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a ‘right-of-use’ asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a ‘right-of-use’ asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the group.

		2016	2015
		$	**$**
NOTE 2:	**INCOME TAX EXPENSE**		
a.	**Recognised in the income statement:**		
	Current tax	-	-
	Deferred tax	-	-
	Income tax as reported in the statement of comprehensive income	-	-
b.	**Reconciliation of income tax expense to prima facie tax payable:**		
	Loss from ordinary activities before income tax expense	(3,143,525)	(4,172,264)
	Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(943,058)	(1,251,679)
	Increase in income tax due to:		-
	- Non-deductible expenses	633,034	1,130,293
	- Current period tax losses not recognised	731,686	236,506
	- 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	(90,500)	(85,763)
	- Movement in unrecognised temporary differences	(73,108)	78,985
	- Other deductible expenses	-	(257,167)
	- Non-assessable income	(258,055)	-
	Income tax attributable to operating loss	-	-
c.	**Recognised deferred tax assets**		
	Tax losses	-	-
	Accruals	420	-
	Plant & Equipment	-	-
	Previously Expensed Blackhole Costs	-	-
	Total	420	-
	Less: Set off of deferred tax liabilities	420	-
	Net deferred tax asset	-	-
d.	**Recognised deferred tax liabilities**		
	Exploration expenditure	-	-
	Unearned Income	(420)	-
	Total	(420)	-
	Less: Set off of deferred tax assets	(420)	-
	Net deferred tax liabilities	-	-

NOTE 2: INCOME TAX EXPENSE (CONTINUED)

	2016	2015
	$	$
e. Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%:		
Deferred tax assets have not been recognised in respect of the following (30%):		
Deductible temporary differences	120,411	261,494
Tax revenue losses	3,333,847	2,596,533
Tax capital losses	27,773	27,773
Total Unrecognised deferred tax assets (30%)	3,482,031	2,885,800

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2016 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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

NOTE 3: REVENUE

	Consolidated	
	2016	2015
	$	$
Interest received	35,619	175
Gain on forgiveness of debt	692,794*	-
Gain on fair value of financial liability	167,390	-
Discount received	-	17,273
Other income	866	-
Total Revenue	896,669	17,448

*During the year the Company signed Deeds of Release (“the deeds”) with various parties resulting in the extinguishment of debt via the settlement of cash and equity payments.

Pursuant to the Deed, a total of $250,000 was paid to Mr Kelly to settle outstanding liabilities of $896,972 payable resulting in a gain in profit or loss of $646,972. As part of the Deeds, the Company agreed to issue 2,970,604 shares to settle the convertible note held by Mr Kelly. The shares were issued on 6 May 2016.

Pursuant to the deeds, the Company’s subsidiary Gondwanaland irrevocably and unconditionally releases VIC from all present and future claims, notwithstanding this it retains its interest in the Bolivian exploration asset and is effectively free carried.

The Company signed a second deed with SAT, SAT director Ben Jarvis and former SAT director Trevor Jackson, and their associated entities, which settled outstanding liabilities of $69,822 resulting in a gain in profit or loss of $45,822.

	Consolidated	
NOTE 4: OTHER EXPENSES	**2016**	**2015**
	$	**$**
Other expenses	77,316	284,189
Communication expenses	9,805	11,979
IVA expense – Gondwanaland	2,541	7,085
Depreciation	-	5,111
Total Other Expenses	89,662	308,364

FINANCE COSTS		
Interest expense	74,019	93,777

NOTE 5: EARNINGS PER SHARE	**2016**	**2015**
	Cents per share	**Cents per share**
Basic and diluted loss per share	(0.72)	(11.97)

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

	$	**$**
Loss	(3,136,377)	(4,113,185)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	435,714,816	34,351,742

As the Company is in a loss position the options outstanding at 30 June 2016 have no dilutive effects on the earnings per share calculation.

During the year, the Company consolidated its share capital following shareholder approval on 10 September 2015 on a 35:1 basis for shares and options. The earnings per share for 2015 has been restated to reflect this.

	Consolidated	
	2016	**2015**
	$	**$**
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash and Cash at bank	213,198	25,870
	213,198	**25,870**

	Consolidated	
	2016	**2015**
	$	**$**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
GST receivable	34,207	26,269
Other debtors	15,604	-
	49,811	**26,269**

NOTE 8: OTHER ASSETS

	2016 $	2015 $
Current		
Prepayments	146,406	2,197
Other assets	113	19,372
	146,519	**21,569**

NOTE 9: LOANS RECEIVABLE

On 6 April 2016, the Company announced that it has entered into a binding Heads of Agreement (HoA) to acquire 100% of the issued capital in Milestone Sport Ltd (an entity incorporated in Israel).

Concurrently with the execution of HoA, Victory extended to Milestone Sport a convertible loan facility in an aggregate amount of US$500,000 (A$669,555), documented under a convertible loan agreement, to provide working capital funding. The loan attracted 6% per annum interest. The funds were transferred to Milestone Sport on 6 April 2016.

On 17 August, the Company announced that it has mutually agreed with Milestone Sport to terminate the HoA with no acknowledgement of fault by either party. In addition, Victory has agreed to allow Milestone Sport until 30 April 2017 to repay the US $500,000 (A$ 669,555) loan that was made to Milestone Sport at the time of signing the Agreement.

As at 30 June 2016, the Company fully provided for impairment of the loan receivable amount of USD $500,000 (A$669,555).

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2016	**2015**
	$	**$**
Exploration expenditure capitalised		
- Exploration and evaluation phase	450,000	862,802
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
- Carrying amount at the beginning of the period	862,802	726,841*
- Exploration recognised on acquisition of Victory Mines Limited**	-	1,936,502
- Costs capitalised during the period	23,894	747,307
- Costs impaired during the period ***	(436,696)	(2,547,848)
Carrying amount at the end of the period	**450,000**	**862,802**

* 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 financial year, the Company assessed its exploration projects for impairment and determined an impairment loss of $436,696.

NOTE 11: TRADE AND OTHER PAYABLES

	2016	2015
	$	$
a. Current Liabilities		
Trade and other payables	407,943	1,152,841

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

	2016	2015
b. Loans payable		
Loans payable to external parties	43,860	229,550

	2016	2015
c. Convertible Note		
Convertible Note*	-	235,967

* At 30 June 2015 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. Both convertible notes were converted to ordinary shares during the 2016 financial year.

NOTE 12: ISSUED CAPITAL

	Consolidated	Consolidated
	30 June 2016	30 June 2015
	$	$
Opening contributed equity	6,299,335	3,456,446
Shares issued during the year for cash	3,184,999	548,000
Share based payments for services rendered	1,679,781	801,679
Share based payments to directors (note 18)	4,500	-
Shares issued for interest on convertible note	2,015	11,573
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)
Less: Share Issue Costs	(161,167)	(72,001)
Closing contributed equity	**11,009,463**	**6,299,335**

(a) Issued Capital – Legal Parent Entity

	Legal Parent	
	30 June 2016 Number	**30 June 2015 Number**
On issue at 1 July	1,896,236,954	546,360,689
Consolidation of issued capital	(1,842,058,527)	-
Shares issued during the year for cash	290,973,675	211,791,666
Share based payments for services rendered	214,396,082	233,783,333
Shares issued to SAT shareholders	-	904,301,266
Balance at 30 June 2016	**559,548,184**	**1,896,236,954**

On 11 December 2014, Listed Parent (VIC) acquired SAT. Closing number of shares as at 30 June 2015 and 30 June 2016 represent the share capital of Listed Parent (VIC).

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.

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.

	2016 $	**2015 $**
Cash and cash equivalents	213,198	25,870
Trade and other receivables	49,811	26,269
Other assets	146,519	21,569
Trade and other payables	(407,943)	(1,800,130)
Loan payable	(43,860)	-
Working capital position	(42,275)	(1,726,422)

NOTE 12: ISSUED CAPITAL (CONTINUED)

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

	Number	Weighted Average Exercise Price ($)
Options outstanding as at 1 July 2014	137,849,507	-
Issued (i)	26,387,500	0.03
Forfeited	-	-
Exercised	-	-
Expired	(9,429,007)	0.20
Options outstanding as at 30 June 2015	154,808,000	0.03
Options outstanding as at 1 July 2015	154,808,000	
Issued (ii)	66,841,666	0.02
Forfeited	-	-
Exercised	-	-
Expired	(1,318,821)	-
Consolidation of capital	(150,384,877)	-
Options outstanding as at 30 June 2016	69,945,968	-

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

(ii) Of these options, 66,141,666 unlisted options issued are the free attaching options issued as part of December 2015/February 2016 placements.

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

NOTE 13: REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	2016	2015
	$	$
Short-term employee benefits	259,394	368,333
Post-employment benefits	18,762	34,992
Other long-term benefits	-	-
Termination benefits	88,332	-
Share-based payments	7,300	2,010
Total Remuneration paid or due to be paid	373,788	405,335

NOTE 14: AUDITORS' REMUNERATION

	2016 $	2015 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report and prospectuses	25,750	26,500
	25,750	26,500

NOTE 15: CASHFLOW INFORMATION

	2016 $	2015 $
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,143,525)	(4,172,264)
Non-cash flows in loss		
Share Based Payments	1,646,690	100,476
Depreciation	-	5,111
Forgiveness of debt	(874,041)	-
Interest earned on amounts advanced	(25,854)	93,777
Provision for IVA expense	-	7,085
Loan receivable impaired	669,555	-
Exploration expenditure impaired	436,696	2,547,848
Write-off other	-	236,725
Changes in assets and liabilities;		
(Increase)/decrease in trade and other receivables	(109,910)	551,458
(Increase)/decrease in exploration expenditure	(23,894)	(109,159)
Increase/(decrease) in trade payables and accruals	(678,666)	49,459
Cashflow from operations	(2,102,949)	(689,484)

b. Non-cash Financing and Investing Activities

2016

- On 18 December 2015 Dr James Ellingford was issued shares and options in Victory Mines Limited to the value of $2,500 and $2,000 respectively as per employment agreement.

- On 18 December 2015 Peter Peebles was issued shares and options in Victory Mines Limited to the value of $1,000 and $400 respectively as per employment agreement.

- On 18 December 2015 Ashley Hood was issued shares and options in Victory Mines Limited to the value of $1,000 and $40 respectively as per employment agreement.

2015

- 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.

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.

2016

- Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is a director of, was paid or due to be paid $266,200 for company secretarial, 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 $26,125 for geological services rendered.

- During the year, Terence Clee was paid or due to be paid $11,000 for additional consulting fees rendered.

- During the year the Company signed Deeds of Release (“the deeds”) with various parties resulting in the extinguishment of debt via the settlement of cash and equity payments.

  Pursuant to the Deed, a total of $250,000 was paid to Mr Kelly to settle outstanding liabilities of $896,972 payable resulting in a gain in profit or loss of $646,972. As part of the Deeds, the Company agreed to issue 2,970,604 shares to settle the convertible note held by Mr Kelly. The shares were issued on 6 May 2016.

  The Company signed a second deed with SAT, SAT director Ben Jarvis and former SAT director Trevor Jackson, and their associated entities, which settled outstanding liabilities of $69,822 resulting in a gain in profit or loss of $45,822.

2015

- Mining Corporate Pty Ltd, a company of which the Company Secretary, 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, Compañia 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.

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

NOTE 17: EVENTS AFTER REPORTING PERIOD

On 17 August 2016, the Company announced that it has mutually agreed with Milestone Sports Ltd to terminate the Heads of Agreement. In addition, Victory has agreed to allow Milestone Sports Ltd until 30 April 2017 to repay the US $500,000 (A$669,555) loan that was made to Milestone Sport Ltd at the time of signing the Heads of Agreement.

On 22 August 2016, the Company announced resignation of Non-Executive Director, Mrs Elizabeth Hunt. The Company also announced the appointment of Mr Peter Peebles as Non-Executive Director.

On 22 September 2016, the Company entered into a loan agreement for working capital purposes for $350,000 for a term of 2 years with interest payable compounding at 7% per annum. The lender is not a related party of the Company.

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

NOTE 18: SHARE BASED PAYMENTS

2016

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date $
Unlisted Options issued on 18 December 2015 as per employment agreement exercisable at $0.03 on or before 30 November 2018 *	700,000	27/11/2015	0.4
Shares issued in lieu of services on 29 September 2015 as approved at GM	51,881,378	10/09/2015	0.00784
Shares issued in lieu of services on 2 October 2015 as approved at GM	20,312,627	10/09/2015	0.00784
Shares issued for convertible note conversion on 2 October 2015 as ratified at AGM	42,857,143	27/11/2015	0.00784
Shares issued in lieu of services on 19 October 2015 as ratified at AGM	7,653,061	27/11/2015	0.00784
Shares issued in lieu of services on 9 December 2015 as approved at AGM	36,666,668	27/11/2015	0.015
Shares issued in lieu of services on 18 December 2015 as approved at AGM	3,750,000	27/11/2015	0.015
Shares issued in lieu of services on 18 December 2015 as per employment agreement as approved at AGM	450,000	27/11/2015	0.010
Shares issued in lieu of services on 23 February 2016 as approved at AGM	40,201,540	27/11/2015	0.010
Shares issued for convertible note conversion on 6 May 2016 under 15% issued capital capacity	2,970,604	06/05/2016	0.016

2015

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

NOTE 18: SHARE BASED PAYMENTS (continued)

*** 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	$0.01
Exercise price	$0.03
Expected volatility	100%
Risk-free interest rate	2.00%

The fair value of shares issued during the period as share based payments was determined by reference to the market value of the shares at grant date. The fair value of the options granted was determined using the Black & Scholes option valuation. The aggregate value of share based payments for the financial year was $1,686,296.
The aggregate value of share based payments for the financial year was $1,686,296.

NOTE 19: COMMITMENTS

Exploration expenditure commitments

The Group relinquished all of its Australian exploration assets as at 30 June 2015. Therefore, there are no commitments for Australian exploration assets at 30 June 2016. 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 2016.

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

Period Ended 30 June 2016	**Exploration Australia**	**Exploration South America**	**Treasury**	**Total**
	$	**$**	**$**	**$**
Segment revenue	-	-	**896,669**	**896,669**
Segment results	**-**	**(436,696)**	**-**	**(436,696)**

Amounts not included in segment results but reviewed by Board:	
Impairment of receivable	(669,555)
Directors' remuneration	(379,319)
Consulting, marketing & promotional fees	(1,561,339)
Other expenses	(993,285)
Loss before income tax	**(3,143,525)**

NOTE 21: OPERATING SEGMENTS (continued)

Period Ended 30 June 2015	**Exploration Australia**	**Exploration South America**	**Treasury**	**Total**
	$	**$**	**$**	**$**
Segment revenue	-	-	-	-
Segment results	**(2,547,848)**	**-**	**-**	**(2,547,848)**
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				**(4,172,264)**

(a) Segment assets and liabilities

As at 30 June 2016	**Exploration Australia**	**Exploration South America**	**Treasury**	**Total Operations**
	$	**$**	**$**	**$**
Segment assets				
- Cash and cash equivalents	-	-	213,198	213,198
- Exploration expenditure	-	450,000	-	450,000
Reconciliation of segment assets to total assets				
Trade and other receivables				49,811
Other assets				146,519
Total assets				**859,528**

	Exploration Australia	**Exploration South America**	**Treasury**	**Total Operations**
	$	**$**	**$**	**$**
Segment liabilities				
Reconciliation of segment liabilities to total liabilities				
Trade and other payables	-	-	(451,803)	(451,803)
Convertible Note			-	-
Total liabilities				**(451,803)**

NOTE 21: OPERATING SEGMENTS

(a) Segment assets and liabilities (continued)

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

30 June 2015	**Exploration Australia**	**Exploration South America**	**Treasury**	**Total Operations**
	$	**$**	**$**	**$**
Segment liabilities				
Reconciliation of segment liabilities to total liabilities				
Trade and other payables	-	(541,861)	(1,258,269)	(1,800,130)
Convertible Note			(235,967)	(235,967)
Total liabilities				**(2,036,097)**

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.

NOTE 22: FINANCIAL RISK MANAGEMENT (continued)

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

Liquidity risk

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

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

Market Risk

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

Interest rate risk

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

Interest rate sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact of how profit and equity values report 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 2016, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

CHANGE IN LOSS	**Change $ 2016**	**Change $ 2015**
Increase in interest rate by 200 basis points	4,264	517
Decrease in interest rate by 200 basis points	(4,264)	(517)

CHANGE IN EQUITY	**Change $ 2016**	**Change $ 2015**
Increase in interest rate by 200 basis points	4,264	517
Decrease in interest rate by 200 basis points	(4,264)	(517)

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.

Balance Sheet	**2015**
	$
Current Assets	
Cash and cash equivalents	35,646
Trade and other receivables	359,422
Total Current Assets	**395,068**
Non-Current Assets	
Exploration and evaluation expenditure	638,148
Other assets	158,756
Total Non-Current Assets	**796,904**
Total Assets	**1,191,972**
Current Liabilities	
Trade and other payables	1,375,167
Total Current Liabilities	**1,375,167**

	$
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

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 2016	30 June 2015
Victory Exploration Pty Ltd	Australia	Ordinary	100%	100%
South American Tin Limited	Australia	Ordinary	100%	100%
Compañia Minera Gondwanaland S.A.	Bolivia	Ordinary	80%*	80%*

*The Company's 80% interest in Compañia Minera Gondwanaland S.A. is via an agreement with the shareholders of Compañia 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	2016	2015
	$	$
ASSETS		
Current Assets	409,278	45,862
Non-Current Assets	-	352,651
TOTAL ASSETS	**409,278**	**398,513**
LIABILITIES		
Current Liabilities	421,803	1,066,878
Non-Current Liabilities	-	-
TOTAL LIABILITIES	**421,803**	**1,066,878**
NET ASSETS/(DEFICIT)	**(12,425)**	**(668,365)**
EQUITY		
Issued Capital	18,066,077	13,353,147
Reserve	-	-
Accumulated losses	(18,078,502)	(14,021,512)
TOTAL EQUITY	**(12,425)**	**(668,365)**

NOTE 25: PARENT INFORMATION (continued)

STATEMENT OF FINANCIAL PERFORMANCE

	2016 $	2015 $
Loss for the year	(4,057,000)	(4,258,699)
Other comprehensive income	-	-
Total comprehensive income	**(4,057,000)**	**(4,258,699)**

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Victory Mines Limited
Level 11, 216 St George's Terrace
Perth, WA 6000
Tel: 08 9481 0389
Fax: 08 9463 6103
Email: info@victorymines.com.au
Web: www.victorymines.com.au

DIRECTORS

Dr James Ellingford – Non-Executive Chairman
Mr Terence Clee – Non-Executive Director
Mr Peter Peebles – Non-Executive Director

COMPANY SECRETARY

Mrs Elizabeth Hunt

SHARE REGISTRAR

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

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St George's Terrace
Perth WA 6000

LAWYERS

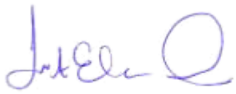
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the Company's financial position as at 30 June 2016 and its performance for the period ended on that date; and
   c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a) the financial records of the Consolidated entity for the financial period have been properly maintained in accordance with section 295A of the *Corporations Act 2001*;
   b) the financial statements and notes for the financial period comply with the Accounting Standards; and
   c) the financial statements and notes for the financial period give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

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



Dr James Ellingford
Chairman

Dated this 27th day of September 2016

SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 22 September 2016.

1. Shareholding

a. **Distribution of Shareholders**

	Class of Equity Security	
Category (size of holding)	**Number of Holders**	**Fully Paid Ordinary Shares**
1 - 1,000	130	38,684
1,001 – 5,000	69	192,588
5,001 – 10,000	32	232,686
10,001 – 100,000	139	7,709,006
100,001 – and over	355	551,375,220
	725	559,548,184

b. The number of shareholdings held in less than marketable parcels is 725.

c. Percentage of the 20 largest holders 48.38%

d. Total on issue 559,548,184

e. The Company has the following substantial shareholders listed in the Company's register as at 31 August 2016:

Holder	Number	%
Terri Wolpert	31,656,851	5.66

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.

SHAREHOLDER INFORMATION

g. 20 Largest Shareholders as at 22 September 2016 Ordinary Fully Paid Shares

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Terri Wolpert	31,656,851	5.66
2.	Monslit Pty Ltd	22,500,000	4.02
3.	J Moody Nominees Pty Ltd	20,000,000	3.57
4.	Margadh Stoc Pty Ltd	18,061,000	3.23
5.	Weinberg Bros Pty Ltd	17,755,102	3.17
6.	Suburban Holdings Pty Ltd	17,352,129	3.10
7.	Third Reef Pty Ltd	17,000,000	3.04
8.	Mr David Hannon	12,771,248	2.28
9.	Mr Koko Zaw	12,000,000	2.14
10.	Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi	10,500,000	1.88
11.	Mr Joe Leuzzi & Mrs Sally Leuzzi	10,000,000	1.79
11.	Mr Michal David Fort-Williams	10,000,000	1.79
12.	Celtic Capital Pty Ltd	9,707,484	1.73
13.	Ocean Flyers Pty Ltd	9,000,000	1.61
14.	Mr Grant Jonathan Mooney	8,000,000	1.43
15.	Mr Arjun Bahadur K C	7,995,832	1.43
16.	Ms Justine Michel	7,331,371	1.31
17.	S3 Consortium Pty Ltd	7,000,000	1.25
18.	Chifley Portfolios Pty Ltd	6,386,666	1.14
19.	Ms Zixing Peng	5,680,000	1.02
20.	Mr Michael Richard Porter & Mrs Patricia Mary Porter	5,000,000	0.89
20.	Mainview Holdings Pty Ltd	5,000,000	0.89
		270,697,683	48.33

2. **Unquoted Securities**

The Company has the following unquoted securities

- 2,990,016 options exercisable at $1.05 on or before 31 December 2016
- 66,141,666 options exercisable at $0.02 on or before 30 June 2017
- 114,286 options exercisable at $7.00 on or before 9 October 2017
- 700,000 options exercisable at $0.03 on or before 30 January 2018