VICTORY MINES LIMITED

And its Controlled Entities

ABN 39 151 900 855

ANNUAL REPORT

For the year ended 30 June 2017

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 2017.

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	Executive Director (appointed as an Executive Director 6 April 2017)
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)

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 and exploration activities at its Bolivian asset.

On 6th March 2017, the Company acquired gold base metals project near Laverton in Western Australia through a Tenement Sale Agreement with Empire Resources Ltd, via consideration of $2,000 in cash and 2% royalty on all metals produced from within the tenement.

On 4th April 2017, the Company appointed Mr Alberto Galvez as its Bolivian Country Manager.

During the financial year, the Company has refocused 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 $3,524,111 (2016: $3,143,525).

FINANCIAL POSITION

As at 30 June 2017 the Group had a cash balance of $1,702,585 (2016: $213,198) and a net asset position of $1,390,664 (2016: $407,725).

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 2017.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- On 17 August 2016, the Company announced that it has mutually agreed with Milestone Sport to terminate 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 $300,000 for a term of 2 years with interest payable compounding at 7% per annum. The lender is not a related party of the Company. During the financial year, the loan and interest have been repaid by the Company.
- On 23 November 2016, the Company consolidated its issued capital on the basis that every 15 Shares be consolidated into 1 Share and every 15 Options be consolidated into 1 Option.
- On 16 January 2017, the Company received commitment to raise $2,412,000 in a placement to high net worth and institutional investors through the issue of 208,831,169 fully paid ordinary shares at $0.01155 per shares. The Placement was completed in January 2017. Participants in the Placement also received one free option for every two shares subscribed for in the Placement, exercisable at $0.02 each on or before 28 December 2020. The options were approved by Shareholders at Company's GM held 28 April 2017. The options were issued on 26 May 2017.
- In addition to January 2017 Placement, the Company also issued fully paid ordinary shares to the value of $577,200 at an issue price of $0.01155 to settle existing creditors including a $300,000 working capital loan entered into on 22 September 2016.
- On 25 January 2017, the Company announced a Share Purchase Plan (SPP) to raise a minimum of $500,000 and up to $1,104,520 (before costs) via the issue of up to 95,629,355 fully paid ordinary shares at a price of $0.01155 per share. The SPP closed oversubscribed, with applications in excess of $1.4M were received. The SPP shares were issued on 27 February 2017. Shareholders who subscribed to SPP offer are also entitled to receive one free option for every four shares subscribed, exercisable at $0.02 per option on or before 28 December 2020. The Shareholders approved the options at Company's GM held 28 April 2017. The options were issued subsequent to the end of financial year period and were quoted on ASX.
- On 6 March 2017, the Company announced the acquisition of a gold and base metals project near Laverton in Western Australia, through a Tenement Sale Agreement with Empire Resources Ltd. Consideration for the acquisition was $2,000 in cash and 2% royalty on all metals produced from within the tenement.
- On 4 April 2017, the Company announced that it has appointed Mr Alberto Galvez as its Bolivian Country Manager.
- On 6 April 2017, the Company f Mr Terence Clee changed from Non-Executive Director to an Executive Director of the Company.
- On 26 May 2017, the Company announced that it has entered into an Amendment to the Loan Agreement with Milestone Sport and reduced the loan balance payable by Milestone to US$250,000. Effective 24 May 2017, an interest rate of 7% will be applied to the outstanding loan balance with interest (only) payable to the Company monthly, for the term of 18 months. Effective 24 November 2018, the loan principal and interest is to be paid to the Company in monthly instalments for a period of 18 months.

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

SIGNIFICANT CHANGES AFTER THE REPORTING PERIOD

- On 18 July 2017, the Company announced that it has entered into a Heads of Agreement ('HoA') to acquire a polymetallic asset located on the prolific western margin of the Bonaparte Basin in Western Australia. The Bonaparte Project is secured by Exploration Licence ('EL') E80/4901, granted in July 2015 and Exploration Licence E80/4964, granted in March 2016. Both EL's are valid for five years. The Consideration terms for the acquisition are $100,000 cash payment to vendors ($50,000 upon execution of HoA, and $50,000 upon receipt of two or more assay results from the surface sampling program confirming cobalt mineralisation of at least 0.5% or zinc mineralisation of at least 10%) and the issue of 20,000,000 fully paid ordinary shares in the capital of Victory to the vendors.

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.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Corporate

As announced on 16 January 2017, Victory received commitments to raise $2,412,000 in a placement to high net worth and institutional investors through the issue of 208,831,169 fully paid ordinary shares in Victory (**Shares**) at $0.01155 per Share (**Placement**). This Placement was completed in January 2017.

In addition to the Placement the Company also issued fully paid ordinary shares in Victory to the value of $577,200 at an issue price of $0.01155 to settle existing creditors including a $300,000 working capital loan entered into late last year.

On 25 January 2017, the Company also announced a Share Purchase Plan (**SPP**) to raise a minimum of $500,000 and up to $1,104,520 before costs, via the issue of up to 95,629,355 fully paid ordinary shares in Victory. The SPP offer price was $0.01155 per share, being the same price as the Placement. The SPP closed oversubscribed, with applications in excess of $1.4M were received and the Directors will now assess the scale-back of applications. The SPP shares were issued on 27 February 2017.

Milestone Update

On 6 April 2016, Victory announced it had entered into a conditional binding heads of agreement ("Heads of Agreement") to acquire 100% of the issued capital in Milestone Sport Ltd (an entity incorporated in Israel) ("Milestone") ("Milestone Acquisition").

The withdrawal from the Milestone Acquisition and termination of the Heads of Agreement, as mutually agreed with Milestone and with no acknowledgement of fault by either party, was subsequently announced on 17 August 2016.

Additionally, and as part of the Milestone Acquisition, Victory advanced an unsecured loan in the amount of USD$500,000 to Milestone as announced on 6 April 2016. Victory has agreed to allow Milestone until 30 April 2017 to repay this loan on the basis that the loan is repaid in full no later than 30 April 2017 in either cash or equity in Milestone.

Subsequently, Victory and Milestone Sport have entered into an Amendment to the Loan Agreement which includes the following terms:

- The outstanding Loan balance, inclusive of all accrued interest, is reduced to US$250,000;
- Effective 24 May 2017, an interest rate of 7% applies to the outstanding Loan balance, with interest (only) payable to Victory monthly, for a term of 18 months; and
- Effective 24 November 2018, the Loan principle and interest will be paid to Victory in monthly instalments for a period of 18 months.

Bolivia

During the year, Victory's technical director, Peter Peebles undertook an initial small scale sampling programme of tin tailings at Victory's Bolivian interests.

A total of 10 samples were collected - named CT01 to CT10 (8 from the NW corner of the Cativa tailings area and 2 from the El Kenko tailings area). Figure 1 shows the location of the samples taken.

Victory also appointment Mr Alberto Galvez as its Bolivian Country Manager. Mr Galvez has a wealth of experience and is a seasoned Metallurgical Engineer who holds both a Master of Science and Master of Engineering degrees. He has approximately 22 years of experience in the processing of silver, zinc, copper, iron ore, gold, lithium, iron and steel working for organisations such as BHP Billiton, Western Mining and Xstrata in the past.

Since his appointment, Mr Galvez initiated communication with cooperatives (FERECOMINORPO & FENCOMIN) and by the Bolivian state mining company, Corporacion Minera de Bolivia (COMIBOL) and clearly communicated Victory's commitment to build a processing plant to produce tin concentrates.

Mr Galvez Identified potential high grade tailing areas in the region for further consideration.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

EXPLORATION

Bolivia (continued)

The Company is planning a larger scale follow up sampling program. This is intended to expand on the small scale sampling program at both El Kenko and Catavi undertaken earlier in the year by the Company's Senior Geologist and Non-Executive Director, Mr Peter Peebles travelled to Bolivia to undertake a. The follow up program is expected to take place in the second half of 2017.

As part of Mr Galvez's trip to Bolivia, Victory was able to acquire a more thorough understanding of the political, social, environmental and commercial issues that exist in Bolivia; and found that the current socio-political situation in Bolivia is, in general, good for the investment by private foreign companies.

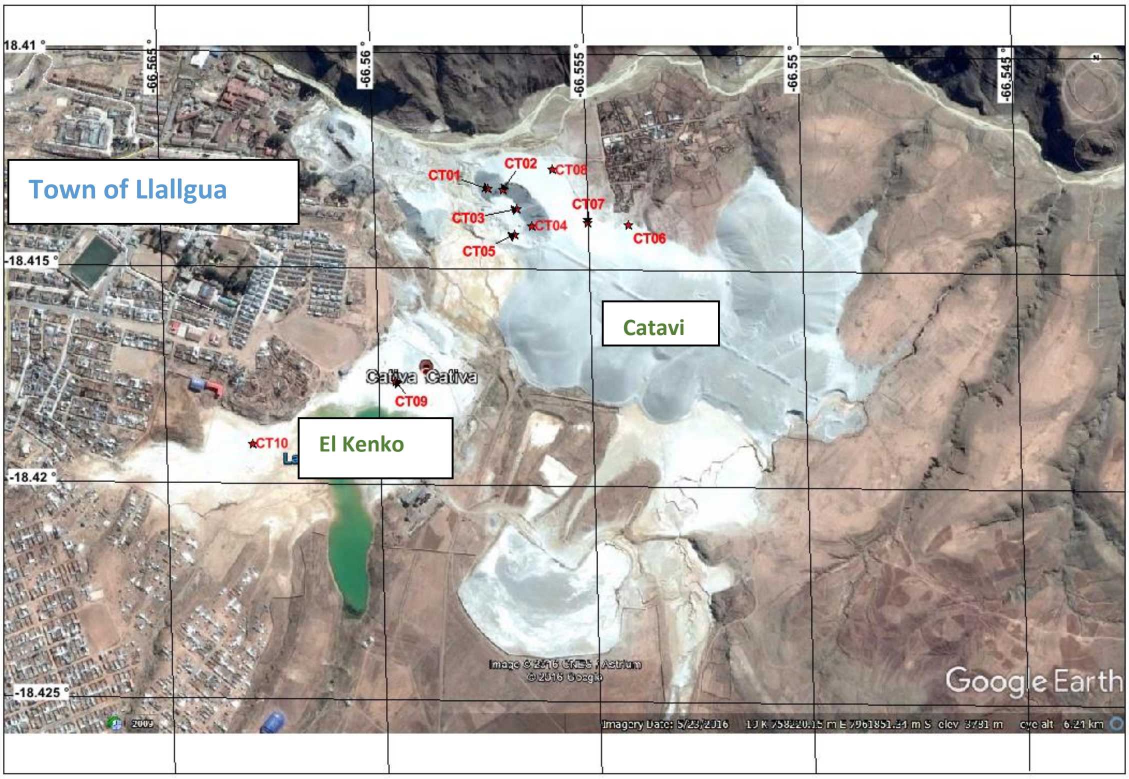

Figure 1 – Sample Locations

Laverton, Western Australia

As announced on 6 March 2017, Victory has acquired tenement E38/3075 (a gold and base metals project near Laverton in Western Australia) (Figure 2 - Laverton Project), though a Tenement Sale Agreement with Empire Resources Ltd.

The Laverton Project is considered prospective for gold, nickel and copper as previous exploration has defined geochemical soil anomalies for those commodities. Figure 3 shows the Laverton Project location along with interpreted underlying geology.

On acquisition, Victory immediately planned an infill geochemical soil sampling programme to either infill the previously defined anomalous areas on a 200 x 25m pattern or to samples areas not previously sampled.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Laverton, Western Australia (continued)

A total of 758 samples were collected (which were approximately 1kg in size) and sent to ALS Laboratories where they were fine ground so that 95% of the sample was <75 micron. The pulps were then subject to analysis by a Niton XL3t XRF analyser. The device was calibrated in "soil" mode. The pulps were then analysed by ALS for gold using their method Au TL43, which is a method using Aqua Regia digest followed by ICP MS finish using a 25 g sample. The gold anomalous areas relied on results using this analytical method, while the nickel and copper anomalies are based on the results from the Niton analysis. The anomalies have been defined using the 95th percentile ie values in the top 5% of results are assumed to be strongly anomalous, and values within the top 10% being viewed as moderately anomalous.

The gold anomalies are shown as Figure 4 overlying the TMI magnetics. The most northern anomaly is open along strike and across strike. The other 2 anomalous regions are up to 900 m in length. The nickel anomalies are shown as Figure 5, draped over the TMI magnetics. There is a large anomaly defined in the south of the tenement, which is approx. 1.25km in length and it is situated along a prominent geological structure while the Ni anomaly in the north is again coincident with the northerly extension of this structure.

The copper anomalies are shown as Figure 6, with the largest anomaly being over the same geological structure which contains the Ni anomaly. The other Cu anomalous regions are again aligned with or close to, other geological structures.

Phase 2 of the exploration strategy will be dependent upon the results of the first phase. If the anomalies remain as robust areas, then further infill geochemical sampling programme will be undertaken to clearly define areas for future drilling.

Phase 3 of the exploration strategy will be a RAB drilling programme to drill test the targets generated from the first 2 phases of exploration.

Previous exploration within the tenement has consisted of a low level, close spaced combined aerial magnetic and radiometric survey which identified several major geological structures (see Figure 3) with associated splays. This structural setting is considered to be very favourable as a geological setting for various types of deposits (gold, nickel, copper etc).

Almost all of the current and past producing gold mines are either on, or very close to major faults and associated splays, and E38/3075 appears to be in a very similar geological setting.

Previously, a geochemical soil sampling programme consisting of 1,239 samples was conducted. This sampling highlighted several anomalous areas for gold, copper and nickel which were all either on or close to the structures identified in the aerial magnetic survey.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Laverton (continued)

Figure 2 – Laverton Project Location

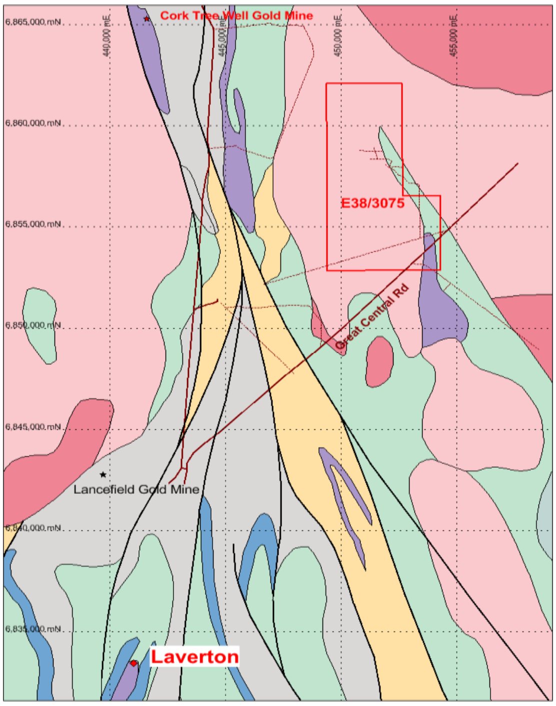

Figure 3 – Tenement Location with Underlying Geology

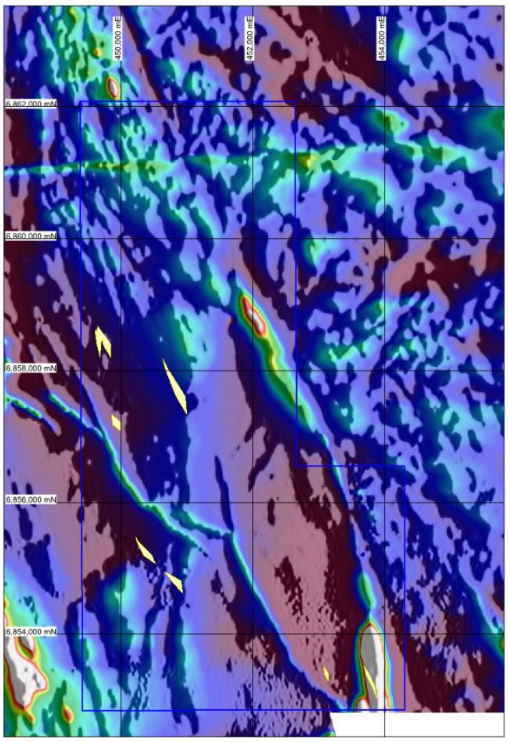

Figure 4 – Gold Anomalies over TMI

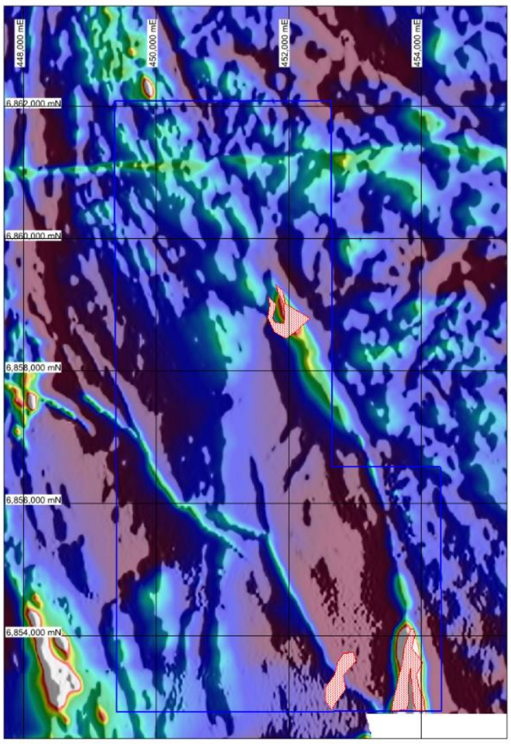

Figure 5 – Nickel Anomalies over TMI

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Laverton (continued)

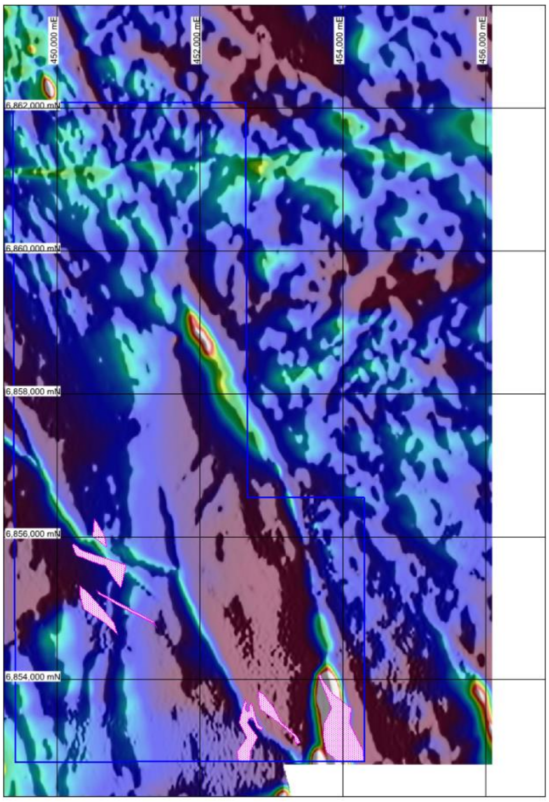

Figure 6 – Copper Anomalies over TMI

Bonaparte, Western Australia

Subsequent to the year end, Victory entered into a Heads of Agreement to acquire a polymetallic asset located on the prolific western margin of the Bonaparte Basin in Western Australia

The acquisition known as the Bonaparte Project is a high-grade cobalt, zinc-lead-silver mineralisation with samples of up to 4.1% cobalt in soft rocks. The region has been compared to the high grade deposits within the soft sedimentary host rocks commonly found along the Mississippi River in the US otherwise known as Mississippi Valley-Type (MVT) or in the Leonard shelf in Australia.

Whilst being highly prospective for minerals, the Project has a number of additional advantages including proximity to infrastructure, lying 60km from the Port of Wyndham, and immediate exploration access.

The area is known for the occurrence of carbonate-hosted base metal deposits such as Sorby Hills (WA) and Sandy Creek (NT), with previous work highlighting Zn-Pb soil anomalies, spatially associated geophysical anomalies, and the presence of mineralised gossans and carbonate breccia zones.

The tenements not only offer Victory the opportunity to discover MVT-style zinc-lead-silver deposits in new terrain but in addition, the preliminary sample package has indicated strong cobalt and zinc results, requiring further analysis and follow up exploration.

The Project is secured by Exploration Licence E80/4901, granted in July 2015 and Exploration Licence E80/4964, granted in March 2016. Both EL's are valid for five years. Figure 7 below shows the Bonaparte Project tenements and prospects while Figure 8 shows the area which will be covered by the proposed gravity survey.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Bonaparte (continued)

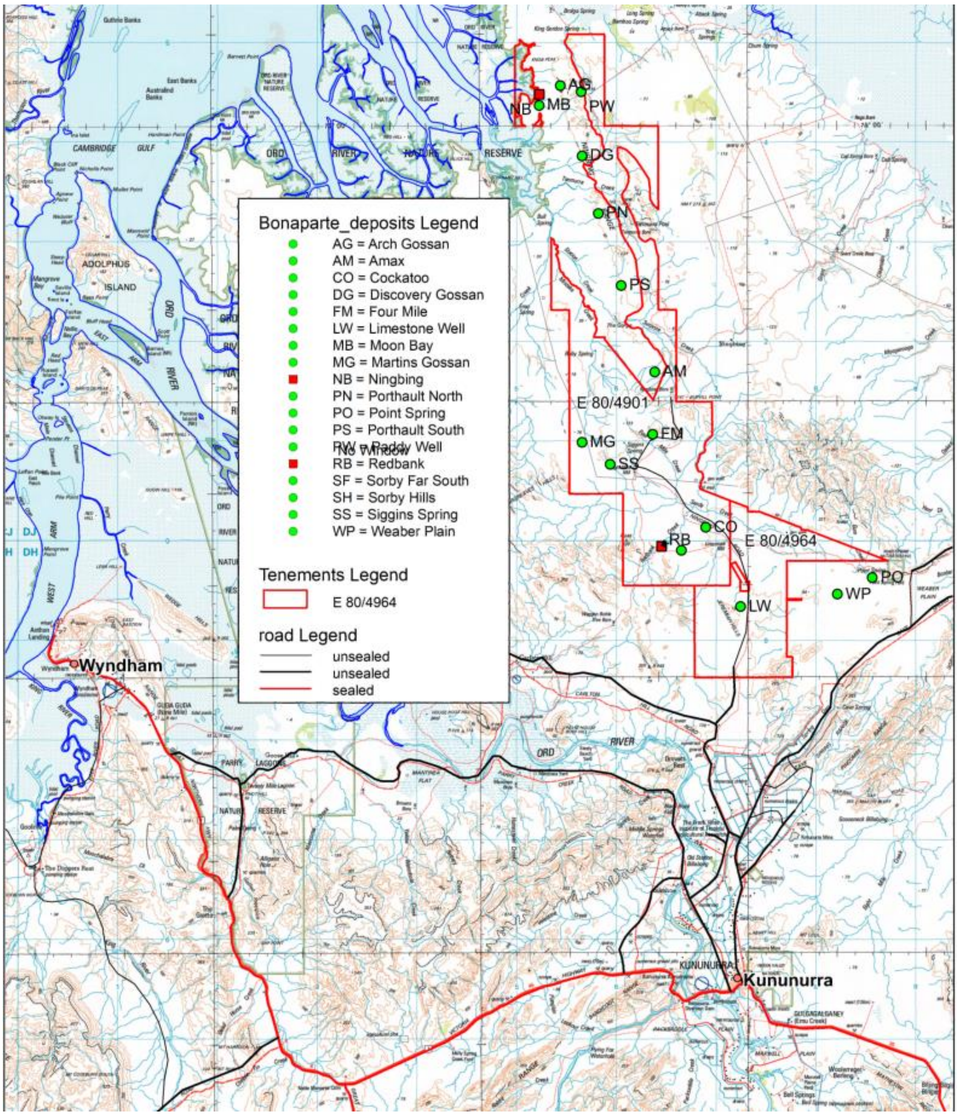

Figure 7 – Bonaparte Project Tenements and Prospects

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Bonaparte (continued)

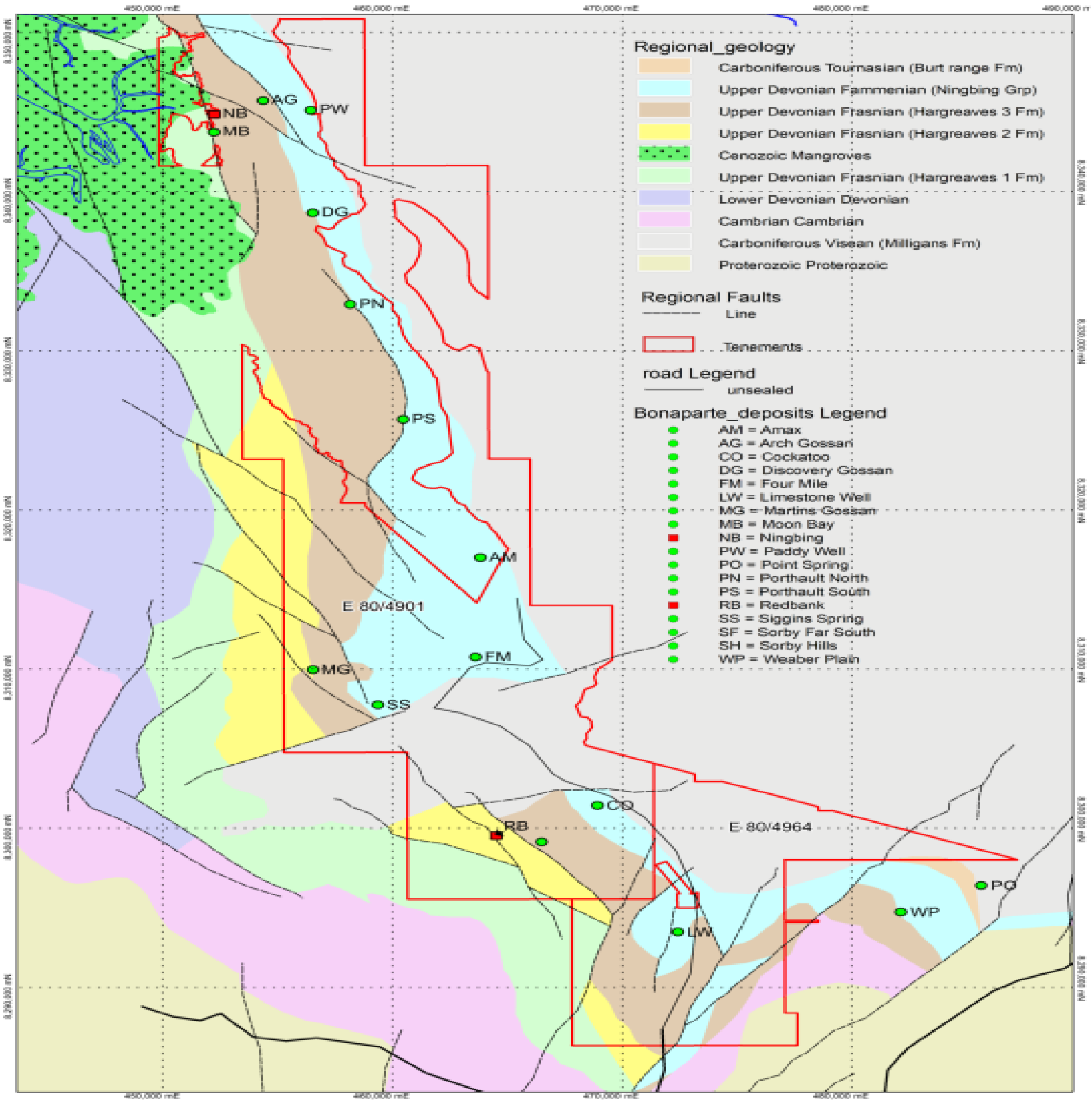

Figure 8: Area of Proposed Gravity Survey at Bonaparte

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Bonaparte (continued)

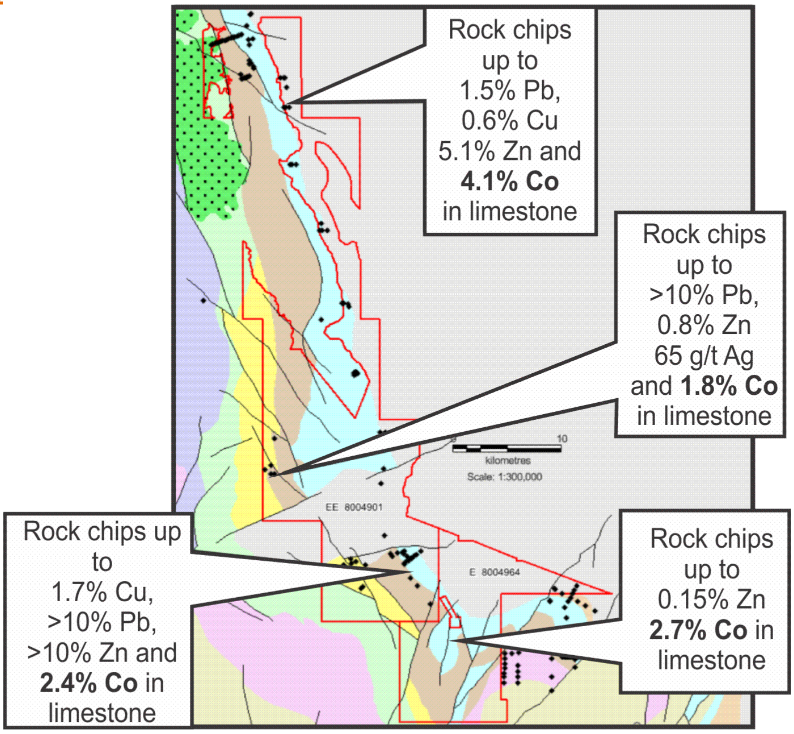

Figure 9: Exploration history recent mapping and rock chip program

Easting	Northing	Sample ID	Co %	Ag ppm	Pb %	Zn %
454585	8346455	r00063c	4.1	-	0.2	0.2
473275	8294997	r00068	2.7	-	-	0.2
462828	8300375	r00009b	2.5	3.5	-	0.1
473264	8294898	r00069	1.2	-	-	-
455340	8309390	r00047g	1	**23**	8.1	0.7
462592	8300585	r00008	1	8	-	-
454056	8346513	r00061b	0.9	-	-	0.2
462592	8300585	R00007	0.9	4	-	-
455876	8309308	r00038	0.5	3	0.3	0.2

Table 1: Table of of >0.5% Co from rock chips from the tenement out of 99 samples taken. Coordinates are based on GDA94 (Zone 52)

Full results for Ag (Silver), Cu (Copper), Pb (Lead), Zn (Zinc), Co (Cobalt) and Ni (Nickel) are shown in Table 1 above.

The grades quoted for the rock chip samples have been measured using a hand held pXRF Analyser. These grades are indicative grades only as the pXRF Analyser does not have the same degree of accuracy as laboratory generated results. Results >10% have been reported as >10% (as shown in Figure 9 above).

REVIEW OF OPERATIONS

Bonaparte (continued)

Victory intends to explore the entire tenement area targeting fault corridors that mineralising fluids have used to travel up from deep in the basin. Drilling to date has focused on the stratigraphy up dip of the extensional normal fault structures that host Lennard Shelf style mineralisation. This interpretation suggests mineralisation identified to date is just leakages from the more significant mineralisation within the extensional normal fault structures. Victory plans to acquire gravity mapping and undertake soil sampling with a targeted drilling campaign to be conducted in the near future.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Peebles who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the AIG. Mr Peebles is employed by Darlington Geological Services Pty Ltd and is also a Director of Victory Mines Limited. Mr Peebles has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peebles consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

EVENTS AFTER THE REPORTING PERIOD

On 18 July 2017, the Company announced that it has entered into a Heads of Agreement to acquire a polymetallic asset located on the prolific western margin of the Bonaparte Basin in Western Australia.

On 16 August 2017, the Company announced that it has been granted permission by the Bolivian state mining company to commence a feasibility study on a number of its existing tailing sites plus four new additional sites identified by the Company Board and Company's Bolivian Country Manager, Mr Alberto Galvez.

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	219,146 fully paid ordinary shares 33,334 options exercisable at $0.45 on 30/11/2018 500,000 options exercisable at $0.05 on 25/11/2019
Directorships held in other listed entities in last 3 years	Capital Mining Limited (8 January 2013 until 7 August 2015) Creso Pharma Limited (since 20 November 2015) Zyber Holdings Limited (9 January 2014 until 1 February 2016) Burrabulla Corporation Limited (18 May 2016 until 14 August 2017) Elysium Resources Limited (since 3 March 2017) Manalto Limited (since 15 September 2017)

INFORMATION ON DIRECTORS (continued)

Mr Terence Clee	***Executive Director (Non-Executive Director 12 August 2015 – 6 April 2017; appointed as Executive Director 6 April 2017)*** Mr Clee started his professional career at KPMG Sydney, working in Corporate Audit and Tax. He then became a partner in a multidisciplinary legal practice alongside colleagues formerly of Allens Arthur Robinson and Ashurst. Mr Clee's client base comprised of large corporates in the mining and technology space. Mr Clee also has experience in the start-up and small cap space. He has advised technology companies and miners of all sizes on commercialisation, mergers and acquisitions, cross-border transactions and R&D. Mr Clee holds a Bachelor of Commerce (Accounting) and a Bachelor of Laws from the University of NSW. Mr Clee is a solicitor admitted to the Supreme Court of NSW. He currently serves as a director of numerous ASX 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) Manalto Limited (since 15 September 2017)
Mr Peter Peebles BA (Esc), MAusIMM, AIG	***Non-Executive Director (Technical) (appointed 22 August 2016)*** Mr Peebles is a geologist, with 30 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, China, Mongolia 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 a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.
Interest in Shares and Options	328,609 fully paid ordinary shares 6,667 options exercisable at $0.45 on 30/11/2018 100,000 options exercisable at $0.05 on 25/11/2019
Directorships held in other listed entities in last 3 years	None
Mrs Elizabeth Hunt BSc, MAcc, GIA(Cert), GAICD	***Non-Executive Director & Company Secretary (appointed as a Director on 12 August 2015; resigned as a Director on 19 August 2016)*** 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	3,449 fully paid ordinary shares
Directorships held in other listed entities in last 3 years	None

DIRECTORS' REPORT

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 Terence Clee was appointed as an Executive Director. Mr Clee previously held a Non-Executive Director position until 6 April 2017. Under the terms of agreement, Mr Clee's director's fee is entitled to receive $84,000 per annum exclusive of statutory superannuation. There is no fixed term to Mr Clee's appointment, however the appointment is subject to the provisions of the Company's Constitution to relating to the retirement by rotation and re-election of directors and will cease at the end of any meeting at which Mr Clee is not re-elected as a director by shareholders of the Company. At any time Mr Clee wishes to resign, he is to resign by written notice, or otherwise in accordance with the Company's Constitution.

Appointments of non-executive directors James Ellingford 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.

On 22 August 2016 Mr Peebles was appointed as Non-Executive Director. Mr Peebles is entitled to receive directors' fee of $48,000 per annum exclusive of statutory superannuation. In addition to the Non-Executive salary, a daily rate of $1,500 will be paid for geological consulting services as provided. Annually the Company will issue Mr Peebles 100,000 shares and 100,000 options annually.

Mrs Hunt resigned from her position as Non-Executive Director on 19 August 2016. Mrs Hunt received $8,000 for her Non-Executive Director fees during 2017 financial year, which was paid to Mining Corporate Pty Ltd.

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.

2. Remuneration policy (continued)

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 2017

During the period the following options were issued to directors

-500,000 options exercisable at $0.05 on 25 November 2019 to Dr James Ellingford

-100,000 options exercisable at $0.05 on 25 November 2019 to Peter Peebles

4. Details of remuneration for the period ended 30 June 2017

The remuneration for each key management personnel of the Company during the 2017 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		Termination Benefits	Total	Value of Options Remuneration	Performance Related
	Cash, salary & commissions	Super-annuation	Other	Equity	Options				
	$	$	$	$	$	$	$	%	%
Directors									
James Ellingford	150,000	12,350	-	500 (i)	3,212 (i)	-	166,062	1.93	-
Peter Peebles (ii)	41,391	3,932	-	100 (i)	1,285 (i)	-	46,708	2.75	-
Elizabeth Hunt (iii)	8,000	-	-	-	-	-	8,000	-	-
Terence Clee (iv)	96,500	-	-	-	-	-	96,500	-	-
	295,891	**16,282**	**-**	**600**	**4,497**	**-**	**317,270**	**3.37**	**-**

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

(ii) Peter Peebles was appointed as Non-Executive Director on 22 August 2016.

(iii) Elizabeth Hunt resigned as Non-Executive Director on 19 August 2016

(iv) Terence Clee was appointed as an Executive Director on 7 April 2017. Mr Clee's fees increased to $84,000 per annum (exclusive of superannuation).

4. Details of remuneration for the period ended 30 June 2017 (continued)

Remuneration information for each key management personnel of the Company for the 2016 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		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**	**-**

(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.

5. Options and Rights Over Equity Instruments Granted as Compensation

Details of options over ordinary shares in the Company that were granted in 2017 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	25 November 2016	$0.0071	$0.05	25 November 2019	500,000
Peter Peebles	100,000	25 November 2016	$0.0071	$0.05	25 November 2019	100,000

No options have been exercised or lapsed during the period.

DIRECTORS' REPORT

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

Details of options over ordinary shares in the Company that were granted in 2016 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 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

Shareholdings

Number of Shares held by Key Management Personnel during the 2017 financial year was as follows:

Director / Key Management Personnel	Balance 01.07.2016 No.	Net Change due to consolidation No.	Granted as Compensation No.	Acquired	Balance 30.06.2017 No.
James Ellingford	287,144	(317,998)	250,000	-	219,146
Peter Peebles(ii)	182,346(iii)	(170,187)	100,000	216,450	328,609
Elizabeth Hunt(i)	51,716	(48,267)	-	-	3,449(iv)
Terence Clee	-	-	-	-	-
Total	**521,206**	**(536,452)**	**350,000**	**216,450**	**551,204**

(i) Mrs Hunt resigned as Non-Executive Director on 19 August 2016;
(ii) Mr Peebles was appointed as Non-Executive Director on 22 August 2016;
(iii) Balance at appointment;
(iv) Balance at resignation.

Number of Shares held by Key Management Personnel as at 30 June 2016 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 (ii)	2,882,055	(2,799,709)	100,000	-	182,346(iv)
Elizabeth Hunt (i)	1,810,000(iii)	(1,758,284)	-	-	51,716
Terence Clee (i)	-	-	-	-	-
Ashley Hood (v)	805,616	(782,597)	100,000	-	123,019(iv)
John Kelly	318,254,778	(309,162,067)	-	3,443,878	12,536,589(iv)
Total	**325,052,449**	**(315,765,513)**	**450,000**	**3,443,878**	**13,180,814**

(i) Mrs Hunt and Mr Clee were appointed as Non-Executive Directors on 12 August 2015;
(ii) Mr Peebles resigned on 18 May 2016. Mr Peebles was appointed as Non-Executive Director on 22 August 2016;
(iii) Balance at appointment;
(iv) Balance at resignation;
(v) Mr Hood resigned on 18 May 2016.

DIRECTORS' REPORT

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

Options Holdings

Number of Options held by Key Management Personnel during the 2017 financial year was as follows:

	Balance 01.07.2016 No.	Granted as Compen-sation No.	Options Exercised No.	Net Change Other No.	Balance 30.06.2017 No.	Total Vested 30.6.2017 No.
Directors						
James Ellingford	542,858	500,000	-	(509,524)	533,334	533,334
Peter Peebles(ii)	108,572(iii)	100,000	-	(101,905)	106,667	106,667
Elizabeth Hunt (i)	8,929	-	-	(8,929)	-(iv)	-
Terence Clee	-	-	-	-	-	-
Total	**660,359**	**600,000**	**-**	**(620,358)**	**640,001**	**640,001**

(i) Mrs Hunt resigned as Non-Executive Director on 19 August 2016;
(ii) Mr Peebles was appointed as Non-Executive Director on 22 August 2016;
(iii) Balance at appointment;
(iv) Balance at resignation.

Number of Options Held by Key Management Personnel as at 30 June 2016 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(ii)	550,000	100,000	-	(541,428)	108,572(vi)	108,572
Elizabeth Hunt(i)	312,500(ii)	-	-	(303,571)	8,929	8,929
Terence Clee(i)	-	-	-	-	-	-
Ashley Hood(iv)	550,000	100,000	-	(541,427)	108,573(vi)	108,573
John Kelly(v)	-	-	-	-	-	-
Total	**3,612,500**	**600,000**	**-**	**(3,552,141)**	**660,359**	**660,359**

(i)Mrs Hunt and Mr Clee were appointed as Non-Executive Directors on 12 August 2015;
(ii) Mr Peebles resigned on 18 May 2016. Mr Peebles was appointed as Non-Executive Director on 22 August 2016;
(iii) Balance at appointment;
(iv) Mr Hood resigned on 18 May 2016;
(v) Mr Kelly resigned on 30 November 2015;
(vi) Balance at resignation.

Other transactions with Key Management Personnel

2017

- 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 $133,554 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 $17,325 for geological services rendered.

Other transactions with Key Management Personnel (continued)

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.

The Company received 100% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration packages.

End of Remuneration Report

MEETINGS OF DIRECTORS

During the financial period, 9 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
James Ellingford	9	9	1	1
Terence Clee	9	7	-	-
Peter Peebles*	9	9	-	-

* Peter Peebles was appointed as Non-Executive Directors on 22 August 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.

DIRECTORS' REPORT

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
9 October 2017	$105	7,620
30 November 2018	$0.45	46,668
25 November 2019	$0.05	600,000
28 December 2020	$0.02	197,426,267

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.

-199,349 unquoted options exercisable at $15.75 expired unexercised on 31 December 2016.

-4,409,457 unquoted options exercisable at $0.30 expired unexercised on 30 June 2017.

On 23 November 2016, the Company consolidated its issued share capital following a shareholder approval, with every 15 Shares being consolidated into 1 Share and every 15 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 2017 (2016: Nil).

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and can be found on page 22 of the directors' report.

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

Dr James Ellingford
Chairman
Dated this 29th day of September 2017

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 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of September 2017

Independent Auditor's Report

Bentleys
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To the Members of Victory Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victory Mines Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report which indicates that the Consolidated Entity incurred a net loss of $3,524,111 during the year ended 30 June 2017. As stated in Note 1(b), this condition, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for share based payments	
As disclosed in note 18 to the financial statements, during the year ended 30 June 2017, the Company incurred share based payments totaling $1,265,200. Share based payments are considered to be a key audit matter due to - the value of the transactions; and - the complexities involved in recognition and measurement of these instruments. Management has determined the fair value of the shares granted based on the closing market value of the shares at grant date.	Our procedures amongst others included: - Evaluation of management's determination of share based payments with the definition in *AASB 2 Share based payments ("AASB 2");* - Review of the key terms and conditions of share based payments issued; - Verified the share price at grant date; - We assessed the adequacy of the disclosures included in note 18 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Victory Mines Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 29th day of September 2017

Victory Mines Limited

ABN 39 151 900 855

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	3	32,615	896,669
Administration expenses		(314,396)	(535,191)
Consulting fees		(51,086)	(686,858)
Marketing, promotions & IR expenses		(392,356)	(874,481)
Corporate consulting expense		(593,680)	-
Mining & project consulting expenses		(714,808)	-
Directors fees		(295,891)	(379,319)
Impairment of exploration expenditure		(503,067)	(436,696)
Impairment of receivable	9	-	(669,555)
Travel and accommodation		(77,039)	(181,304)
Employee benefits expense		(19,301)	(105,809)
Other Expenses	4	(163,292)	(89,662)
Share based payments	18	(355,485)	(7,300)
Finance costs	4	(76,325)	(74,019)
Loss before income tax expense		**(3,524,111)**	(3,143,525)
Income tax expense	2	-	-
Loss after income tax expense for the year		**(3,524,111)**	(3,143,525)
Other comprehensive income			
Other Comprehensive Income that may be reclassified subsequently to profit and loss		-	-
Foreign currency translation		-	(68,169)
Total comprehensive income/(loss) for the year		**(3,524,111)**	(3,211,694)
Loss for the year is attributable:			
Non-controlling interest			(7,148)
Owners of the parent		(3,524,111)	(3,136,377)
		(3,524,111)	(3,143,525)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(7,148)
Owners of the parent		(3,524,111)	(3,204,546)
		(3,524,111)	(3,211,694)
Loss Per Share			
Basic and diluted loss per share (cents per share)	5	(2.04)	(3.51)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017	2016
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,702,585	213,198
Trade and other receivables	7	28,783	49,811
Other assets	8	39,346	146,519
TOTAL CURRENT ASSETS		**1,770,714**	**409,528**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	10	46,780	450,000
TOTAL NON-CURRENT ASSETS		**46,780**	**450,000**
TOTAL ASSETS		**1,817,494**	**859,528**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11a	396,830	407,943
Loans Payable	11b	30,000	43,860
TOTAL CURRENT LIABILITIES		**426,830**	**451,803**
TOTAL LIABILITIES		**426,830**	**451,803**
NET ASSETS		**1,390,664**	**407,725**
EQUITY			
Issued capital	12	15,122,728	11,009,463
Reserves		509,733	115,948
Accumulated losses		(13,978,877)	(10,454,766)
Equity attributable to the owners of the Parent		1,653,584	670,645
Non-controlling interest		(262,920)	(262,920)
TOTAL EQUITY		**1,390,664**	**407,725**

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 2017

	Issued Capital	Reserves	Accumulated losses	Non-Controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2016	**11,009,463**	**115,948**	**(10,454,766)**	**(262,920)**	**407,725**
Loss for the period	-	-	(3,524,111)	-	(3,524,111)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(3,524,111)	-	(3,524,111)
Transactions with owner directly recorded in equity					
Contributions of equity	2,865,937	-	-	-	2,865,937
Contributions of equity – SBP	1,565,200	389,515	-	-	1,954,715
Options issued during the period	-	4,270	-	-	4,270
Share transactions costs	(317,872)	-	-	-	(317,872)
Balance at 30 June 2017	**15,122,728**	**509,733**	**(13,978,877)**	**(262,920)**	**1,390,664**

	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	3,184,999	-	-	-	3,184,999
Contributions of equity - SBP	1,686,296	-	-	-	1,686,296
Options issued during the period	-	2,800	-	-	2,800
Share transactions costs	(161,167)	-	-	-	(161,167)
Balance at 30 June 2016	**11,009,463**	**115,948**	**(10,454,766)**	**(262,920)**	**407,725**

The accompanying notes form part of these financial statements.

Victory Mines Limited
ABN 39 151 900 855

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,393,199)	(2,085,295)
Exploration and evaluation expenditure		(46,780)	(23,894)
Interest paid		(1,325)	-
Interest received		13,987	6,240
Net cash (used in) operating activities	15	**(1,427,317)**	**(2,102,949)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans advanced to other entities		-	(889,555)
Repayment of loans advanced		-	222,000
Net cash (used in) provided by investing activities		**-**	**(667,555)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,865,937	2,788,999
Proceeds from issue of convertible note		300,000	330,000
Payment of transaction costs associated with capital raising		(235,373)	(161,167)
Repayment of borrowings		(13,860)	-
Net cash provided by financing activities		**2,916,704**	**2,957,832**
Net increase/ (decrease) in cash held		1,489,387	187,328
Cash at beginning of financial period		213,198	25,870
Cash at end of financial period	6	**1,702,585**	**213,198**

The accompanying notes form part of these financial statements.

NOTES TO THE 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 29th September 2017 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.

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 been 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 2017 of $3,524,111 (2016: $3,143,525) and net cash outflows from operating activities of $1,427,317 (2016: $2,102,949), and as at that date had a working capital surplus of $1,343,884 (2016: $42,275 deficit).

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

b) Going Concern (continued)

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Company successfully raising additional capital, and managing cash flow in line with available funds.

During the 2016 financial 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 SA (“Gondwanaland”). Pursuant to the deeds, Victory Mines Limited resolved not to make any future payments to support the operations of SAT including its interest in Gondwanaland.

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.

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.

c) Income Tax (continued)

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

d) Plant and Equipment

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Office equipment	40.0%

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

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

e) Exploration and Evaluation Expenditure

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

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

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

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

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.

e) Exploration and Evaluation Expenditure (continued)

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) 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.

f) Financial Instruments (continued)

- Loans and receivables

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

- Held-to-maturity investments

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

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

- Available for sale financial assets

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

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

- Financial Liabilities

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

g) 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.

g) Fair Value (continued)

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.

h) 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.

i) 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.

j) 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.

k) 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).

l) Borrowing Costs

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

m) 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.

n) 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.

n) Critical Accounting Estimates and Judgments (continued)

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.

o) 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.

p) 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.

p) New accounting standards for application in future periods (continued)

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.

	2017	2016
	$	$
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	(3,524,111)	(3,143,525)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,057,233)	(943,058)
Increase in income tax due to:		
- Non-deductible expenses	854,115	633,034
- Current period tax losses not recognised	399,873	731,686
- Derecognition of previously recognised tax losses	-	-
- Current year capital losses not recognised	-	-
Decrease in income tax expense due to:		
- Deductible equity raising costs	(83,477)	(90,500)
- Movement in unrecognised temporary differences	(10,947)	(73,108)
- Other deductible expenses	-	-
- Non-assessable income	(102,330)	(258,055)
Income tax attributable to operating loss	-	-
c. Recognised deferred tax assets		
Tax losses	-	-
Accruals	6,721	420
Plant & Equipment	-	-
Previously Expensed Blackhole Costs	-	-
Total	6,721	420
Less: Set off of deferred tax liabilities	6,721	420
Net deferred tax asset	-	-
d. Recognised deferred tax liabilities		
Exploration expenditure	-	-
Unearned Income	(6,721)	(420)
Total	(6,721)	(420)
Less: Set off of deferred tax assets	(6,721)	(420)
Net deferred tax liabilities	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: INCOME TAX EXPENSE (CONTINUED)

	2017	2016
	$	$
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	61,331	120,411
Tax revenue losses	3,462,760	3,333,847
Tax capital losses	27,773	27,773
Total Unrecognised deferred tax assets (30%)	3,551,864	3,482,031

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2017 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	
	2017	2016
	$	$
Interest received	18,032	35,619
Gain on forgiveness of debt	-	692,794*
Gain on fair value of financial liability	-	167,390
Other income	14,583	866
Total Revenue	32,615	896,669

*During the 2016 financial 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.

NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	$	$
NOTE 4: OTHER EXPENSES		
Other expenses	121,245	77,316
Communication expenses	9,490	9,805
IVA expense – Gondwanaland	-	2,541
Pre-Acquisition costs	24,575	-
Forex loss	7,982	-
Total Other Expenses	163,292	89,662
FINANCE COSTS		
Interest expense	76,325	74,019

NOTE 5: EARNINGS PER SHARE

	2017	2016
	Cents per share	**Cents per share**
Basic and diluted loss per share	(2.04)	(3.51)

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

	$	$
Loss	(3,524,111)	(3,136,377)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	172,332,292	89,465,005

As the Company is in a loss position the options outstanding at 30 June 2017 have no dilutive effects on the earnings per share calculation.

During the year, the Company consolidated its share capital following shareholder approval on 23 November 2016 on a 15:1 basis for shares and options. The earnings per share for 2016 has been restated to reflect this.

	Consolidated	
	2017	2016
	$	$
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash and Cash at bank	392,054	213,198
Term deposit	1,310,531	-
	1,702,585	**213,198**

	Consolidated 2017 $	Consolidated 2016 $
NOTE 7: TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	27,104	34,207
Other debtors	1,679	15,604
	28,783	**49,811**
NOTE 8: OTHER ASSETS		
Current		
Prepayments	39,233	146,406
Other assets	113	113
	39,346	**146,519**

NOTE 9: LOANS RECEIVABLE

On 6 April 2016, the Company announced that it 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 2016, the Company announced that it mutually agreed with Milestone Sport to terminate the HoA with no acknowledgement of fault by either party. In addition, Victory 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).

In addition, the Company has entered into an Amendment to the Loan Agreement with Milestone Sport and reduced the loan balance payable by Milestone to US$250,000. Effective 24 May 2017, an interest rate of 7% will be applied to the outstanding loan balance with interest (only) payable to the Company monthly, for the term of 18 months. Effective 24 November 2018, the loan principal and interest is to be paid to the Company in monthly instalments for a period of 18 months. As at 30 June 2017, the Company fully provided for impairment of the loan receivable amount of USD $250,000 (A$328,455).

	Consolidated	
NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE	**2017**	**2016**
	$	**$**
Exploration expenditure capitalised		
- Exploration and evaluation phase	496,780	450,000
- Less Impairment	(450,000)	-
	46,780	450,000
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
- Carrying amount at the beginning of the period	450,000	862,802
- Costs capitalised during the period	46,780	23,894
- Costs impaired during the period *	(450,000)	(436,696)
Carrying amount at the end of the period	**46,780**	**450,000**

* During the financial year, the Company assessed its exploration projects for impairment and determined an impairment loss of $450,000 (2016: $436,696) relating to its Bolivia project as a result of a proposed legal entity restructure of the Bolivian project. Additionally, the Company impaired $53,067 of its Bolivian related exploration costs which were expensed via profit and loss and other comprehensive income statement during the year.

NOTE 11: TRADE AND OTHER PAYABLES	**2017**	**2016**
	$	**$**
a. Current Liabilities		
Trade and other payables	396,830	407,943

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

b. Loans payable		
Loans payable to external parties	30,000	43,860

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: ISSUED CAPITAL	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
Opening contributed equity	11,009,463	6,299,335
Shares issued during the year for cash	2,865,937	3,184,999
Share based payments for services rendered	1,189,600	1,679,781
Share based payments to directors (note 18)	600	4,500
Shares issued for settlement of convertible loan/interest on convertible loan	375,000	2,015
Less: Share Issue Costs	(317,872)	(161,167)
Closing contributed equity	**15,122,728**	**11,009,463**

(a) Issued Capital – Legal Parent Entity	Legal Parent 30 June 2017 Number	Legal Parent 30 June 2016 Number
On issue at 1 July	559,548,184	1,896,236,954
Consolidation of issued capital	(583,377,974)	(1,842,058,527)
Shares issued during the year for cash and conversion of convertible loans	248,133,011	290,973,675
Share based payments for services rendered	189,353,026	214,396,082
Balance at 30 June	**413,656,247**	**559,548,184**

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.

NOTE 12: ISSUED CAPITAL (continued)

	2017 $	2016 $
Cash and cash equivalents	1,702,585	213,198
Trade and other receivables	28,783	49,811
Other assets	39,346	146,519
Trade and other payables	(396,830)	(407,943)
Loan payable	(30,000)	(43,860)
Working capital position	1,343,884	(42,275)

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

	Number	Weighted Average Exercise Price ($)
Options outstanding as at 1 July 2015	154,808,000	-
Issued (i)	66,841,666	0.02
Forfeited	-	-
Exercised	-	-
Expired	(1,318,821)	-
Consolidation	(150,384,877)	-
Options outstanding as at 30 June 2016	69,945,968	-
Options outstanding as at 1 July 2016	69,945,968	
Issued (ii)	198,026,267	0.03
Forfeited	-	-
Exercised	-	-
Expired	(4,608,806)	-
Consolidation of capital	(65,282,874)	-
Options outstanding as at 30 June 2017	198,080,555	-

(i) 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.

(ii) Of these options, 138,372,154 listed options issued are free attaching options issued as part of January 2017 placement. 59,000,000 listed options issued are part of May 2017 options placement as approved by Shareholders at General Meeting held 28 April 2017. 54,113 listed options issued are free attaching options issued to a director as part of participation in February 2017 SPP and as approved by Shareholders at General Meeting held 28 April 2017.

600,0000 unlisted options 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:

	2017	2016
	$	$
Short-term employee benefits	295,891	259,394
Post-employment benefits	16,282	18,762
Other long-term benefits	-	-
Termination benefits	-	88,332
Share-based payments	5,097	7,300
Total Remuneration paid or due to be paid	317,270	373,788

NOTE 14: AUDITORS' REMUNERATION

	2017	2016
	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report and prospectuses	26,500	25,750
	26,500	25,750

NOTE 15: CASHFLOW INFORMATION

	2017	2016
	$	$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,524,111)	(3,143,525)
Non-cash flows in loss		
Share Based Payments	355,485	1,646,690
Shares issued in satisfaction of services	1,159,861	(874,041)
Interest earned on amounts advanced	-	(25,854)
Loan receivable impaired	-	669,555
Exploration expenditure impaired	450,000	436,696
Interest expense	75,000	-
Changes in assets and liabilities;		
(Increase)/decrease in trade and other receivables	106,890	(109,910)
(Increase)/decrease in exploration expenditure	(39,329)	(23,894)
Increase/(decrease) in trade payables and accruals	(11,113)	(678,666)
Cashflow from operations	(1,427,317)	(2,102,949)

NOTE 15: CASHFLOW INFORMATION (continued)

b. Non-cash Financing and Investing Activities

2017

- On 5 November 2017 the Company issued shares to the value of $49,500 in lieu of settlement of loan facility fee.

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.

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.

2017

- 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 $133,554 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 $17,325 for geological services rendered.

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.

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

NOTE 17: EVENTS AFTER REPORTING PERIOD

- On 18 July 2017, the Company announced that it has entered into a Heads of Agreement ('HoA') to acquire a polymetallic asset located on the prolific western margin of the Bonaparte Basin in Western Australia. The Bonaparte Project is secured by Exploration Licence ('EL') E80/4901, granted in July 2015 and Exploration Licence E80/4964, granted in March 2016. Both EL's are valid for five years. The Consideration terms for the acquisition are $100,000 cash payment to vendors ($50,000 upon execution of HoA, and $50,000 upon receipt of two or more assay results from the surface sampling program confirming cobalt mineralisation of at least 0.5% or zinc mineralisation of at least 10%) and the issue of 20,000,000 fully paid ordinary shares in the capital of Victory to the vendors.

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

2017

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date $
Unlisted Options issued on 23 December 2016 as per employment agreement exercisable at $0.05 on or before 25 November 2019 *	600,000	25/11/2016	0.0182
Shares issued in lieu of services on 11 November 2016 as ratified at GM	65,500,000	28/04/2017	0.0018
Shares issued in lieu of services on 23 December 2016 as approved at GM	5,866,667	15/11/2016	0.0150
Shares issued on 23 December 2016 as per employment agreement as approved at AGM	350,000	25/11/2016	0.00172
Shares issued in lieu of services on 16 January 2017 as approved at GM	59,004,330	15/11/2016	0.01155
Shares issued convertible loan conversion and settlement of creditors on 16 January 2017 as ratified at GM	32,467,531	28/04/2017	0.01155
Shares issued in lieu of interest fee component of convertible loan conversion on 13 June 2017 as approved at GM	6,493,506	28/04/2017	0.01155

NOTE 18: SHARE BASED PAYMENTS (continued)

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	0.0004
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 for convertible note conversion on 6 May 2016 under 15% issued capital capacity	2,970,604	06/05/2016	0.016

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

2017

The options were deemed to have fair value of $0.0071 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.01
Exercise price	$0.05
Expected volatility	122%
Risk-free interest rate	1.77%

2016

The options were deemed to have fair value of $0.0004 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%

NOTE 18: SHARE BASED PAYMENTS (continued)

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 $1,265,200 ($2016: $1,686,296). The difference between the value of the services performed and the fair value of the shares issued was $355,485 which has been booked as a share based payment expense.

NOTE 19: COMMITMENTS

Exploration expenditure commitments

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

There are no minimum expenditure requirements set by Bolivian mining law in relation to the Bolivian assets. The Company acquired Laverton tenement (Australia) during 2017 financial year. Below table shows the expenditure commitments for Laverton tenement only.

	2017	**2016**
	$	**$**
Not Longer than 12 months	20,000	-
Between 12 months and 5 years	51,123	-
	71,123	-

NOTE 20: CONTINGENT LIABILITIES

On 6th March 2017, the Company acquired gold base metals project near Laverton in Western Australia through a Tenement Sale Agreement with Empire Resources Ltd, via consideration of $2,000 in cash and 2% royalty on all metals produced from within the tenement.

In the opinion of the directors there were no other contingent liabilities as at 30 June 2017.

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.

NOTE 21: OPERATING SEGMENTS (continued)

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 2017	**Exploration Australia**	**Exploration South America**	**Treasury**	**Total**
	$	**$**	**$**	**$**
Segment revenue	-	-	**32,615**	**32,615**
Segment results	**-**	**(503,067)**	**-**	**(503,067)**

Amounts not included in segment results but reviewed by Board:	
Directors' remuneration	(295,891)
Consulting, marketing & promotional fees	(1,751,930)
Other expenses	(973,223)
Loss before income tax	**(3,524,111)**

NOTE 21: OPERATING SEGMENTS (continued)

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)**

(a) Segment assets and liabilities

As at 30 June 2017	Exploration Australia	Exploration South America	Treasury	Total Operations
	$	$	$	$
Segment assets				
- Cash and cash equivalents	-	-	1,702,586	1,702,586
- Exploration expenditure	46,780	-	-	46,780
Reconciliation of segment assets to total assets				
Trade and other receivables				28,782
Other assets				39,346
Total assets				**1,817,494**

	Exploration Australia	Exploration South America	Treasury	Total Operations
	$	$	$	$
Segment liabilities				
Reconciliation of segment liabilities to total liabilities				
Trade and other payables	-	-	(426,830)	(426,830)
Convertible Note			-	-
Total liabilities				**(426,830)**

NOTE 21: OPERATING SEGMENTS

(a) Segment assets and liabilities (continued)

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 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 2017, 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 $ 2017**	**Change $ 2016**
Increase in interest rate by 200 basis points	34,052	4,264
Decrease in interest rate by 200 basis points	(34,052)	(4,264)

CHANGE IN EQUITY	**Change $ 2017**	**Change $ 2016**
Increase in interest rate by 200 basis points	34,052	4,264
Decrease in interest rate by 200 basis points	(34,052)	(4,264)

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: 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 2017	Equity holding 30 June 2016
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 24: 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	2017 $	2016 $
ASSETS		
Current Assets	1,770,467	409,278
Non-Current Assets	46,780	-
TOTAL ASSETS	**1,817,247**	**409,278**
LIABILITIES		
Current Liabilities	396,830	421,703
Non-Current Liabilities	-	-
TOTAL LIABILITIES	**396,830**	**421,703**
NET ASSETS/(DEFICIT)	**1,420,417**	**(12,425)**
EQUITY		
Issued Capital	21,519,644	17,406,480
Reserve	1,053,382	659,597
Accumulated losses	(21,152,609)	(18,078,502)
TOTAL EQUITY	**1,420,417**	**(12,425)**

NOTE 24: PARENT INFORMATION (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2017 $	2016 $
Loss for the year	(3,074,107)	(4,057,000)
Other comprehensive income	-	-
Total comprehensive income	**(3,074,107)**	**(4,057,000)**

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
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DIRECTORS

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

COMPANY SECRETARY

Mrs Elizabeth Hunt

SHARE REGISTRAR

Automic Registry Services
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Level 3, 216 St George's Terrace
Perth WA 6000

LAWYERS

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

ASX

VIC, VICOA

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 2017 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 29th day of September 2017

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 19 September 2017.

1. Shareholding

a. **Distribution of Shareholders**

	Class of Equity Security	
Category (size of holding)	**Number of Holders**	**Fully Paid Ordinary Shares**
1 - 1,000	269	51,397
1,001 – 5,000	67	189,895
5,001 – 10,000	57	418,969
10,001 – 100,000	239	12,636,140
100,001 – and over	324	420,359,846
	956	433,656,247

b. *Listed Options*

At the date of this report, the Company had 217,859,157 listed options exercisable at $0.02 expiring on 28 December 2020.

c. The number of shareholdings held in less than marketable parcels is 235.

d. Percentage of the 20 largest holders 52.65%

e. Total on issue 433,656,247

f. The Company did not have substantial shareholders listed in the Company's register as at 19 September 2017.

g. 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

h. **20 Largest Shareholders as at 19 September 2017 Ordinary Fully Paid Shares**

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Suburban Holdings Pty Ltd	20,861,471	4.81
2.	Stock Assist Group Pty Ltd	20,498,671	4.73
3.	Monslit Pty Ltd	17,500,000	4.04
4.	Stock Assist Group Pty Ltd	16,560,581	3.82
5.	Belloc Pty Limited	13,899,225	3.21
6.	Anglo Menda Pty Ltd	13,036,944	3.01
7.	Perhing Australia Nominees Pty Ltd	12,210,961	2.82
8.	Ms Terri Wolpert	10,324,276	2.38
9.	Horatio Street Pty Ltd	10,086,580	2.33
10.	Lowrie Hearn Pty Ltd	10,000,000	2.31
10.	Perrot Gordon Pty Ltd	10,000,000	2.31
11.	Adam Blumenthal	9,551,299	2.20
12.	Chifley Portfolios Pty Ltd	9,000,000	2.08
13.	LTL Capital Pty Ltd	8,279,761	1.91
14.	Code Nominees Pty Ltd	7,400,000	1.71
15.	A L R Investments Pty Ltd	6,766,233	1.56
16.	Fairborn Holdings Pty Ltd	6,753,242	1.56
17.	Mr Joe Leuzzi & Mrs Sally Leuzzi	6,000,000	1.38
17.	First Investment Partners Pty Ltd	6,000,000	1.38
18.	Strickland Consulting Partners Pty Ltd	5,861,431	1.35
19.	Stock Assist Group Pty Ltd	4,253,520	0.98
20.	JSR Nominees Pty Ltd	3,463,203	0.80
		228,307,398	52.65

SHAREHOLDER INFORMATION

i. **20 Largest holders of $0.02 quoted equity securities (options expiring on 20 December 2020)**

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Anglo Menda Pty Ltd	28,000,000	12.85
2.	Anglo Menda Pty Ltd	19,480,520	8.94
3.	Stock Assist Group Pty Ltd	14,933,334	6.85
4.	Suburban Holdings Pty Ltd	10,281,385	4.72
5.	A & J Tannous Nominees Pty Ltd	8,164,502	3.75
6.	Australian Share Nominees Pty Ltd	8,000,000	3.67
7.	J P Morgan Nominees Australia Ltd	7,813,853	3.59
8.	Pheakes Pty Ltd	7,787,879	3.57
9.	Gurney Capital Nominees Pty Ltd	5,953,383	2.73
10.	Goffacan Pty Ltd	5,000,000	2.30
11.	Horatio Street Pty Ltd	4,610,390	2.12
12.	CS Third Nominees Pty Limited	4,112,554	1.89
13.	LTL Capital Pty Ltd	4,004,329	1.84
14.	Golden Dawn Limited	4,000,000	1.84
15.	Chifley Portfolios Pty Ltd	3,679,654	1.69
16.	Sacco Developments Australia Pty Ltd	3,571,428	1.64
17.	Asenna Wealth Solutions Pty Ltd	3,246,753	1.49
18.	Vassago Pty Ltd	3,000,000	1.38
19.	Monslit Pty Ltd	2,973,463	1.36
20.	IQ Global Asset Partners Pty Ltd	2,662,338	1.22
		151,274,765	69.44

2. Unquoted Securities

The Company has the following unquoted securities

- 7,620 options exercisable at $105 on or before 9 October 2017
- 46,668 options exercisable at $0.45 on or before 30 November 2018
- 600,000 options exercisable at $0.05 on or before 25 November 2019

SCHEDULE OF EXPLORATION TENEMENTS

AS AT 19 SEPTEMBER 2017

Project	***Tenement***	***Interest held by Victory Mines Limited***
Laverton	E38/3075	100%
Bonaparte	E80/4901	100%
Bonaparte	E80/4964	100%

P Prospecting Licence

E Exploration Licence

M Mining Licence