



VICTORY MINES LIMITED
And its Controlled Entities

ABN 39 151 900 855

ANNUAL REPORT
For the year ended 30 June 2021

Victory Mines Limited
ABN 39 151 900 855

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Victory Mines Limited

ABN 39 151 900 855

CORPORATE DIRECTORY

DIRECTORS

Mr David Sanders – Non-Executive Chairman

Mr Matthew Blake – Executive Director

Mr Zaffer Soemya – Non-Executive Director

AUDITORS

HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street

Perth WA 6000

COMPANY SECRETARY

Mr Scott Mison

SOLICITORS

Bennett and Co

BGC Centre

28 The Esplanade

Perth WA 6000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Ground Floor

28 The Esplanade

Perth, Western Australia 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange

Code: VIC, VICO

PO Box 835

West Perth WA 6872

Tel: 08 6316 2200

Web: www.victorymines.com

SHARE REGISTRAR

Automic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

Tel: 1300 288 664

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Web: www.automic.com.au

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

Your directors present the following report on Victory Mines Limited ("the Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group") for the financial year ended to 30 June 2021.

DIRECTORS

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

| | |
|---------------|--|
| David Sanders | Non-Executive Chairman |
| Matthew Blake | Executive Director |
| Zaffer Soemya | Non-Executive Director (Appointed 30 September 2020) |
| Alec Pismiris | Non-Executive Director (Resigned 30 September 2020) |

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

COMPANY SECRETARY

Mr Scott Mison was appointed Company Secretary on 1 December 2019. Mr Mison is a Member of Chartered Accountants, Australia and New Zealand, and Governance Institute of Australia. He has more than 25 years of corporate and operational experience across Australia, UK, Central Asia, Africa and the US.

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 new project acquisition and exploration activities. There were no significant changes in the nature of the Company's principal activities during the financial year.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$639,979 (2020: \$471,211).

FINANCIAL POSITION

As at 30 June 2021, the Group had a cash balance of \$993,212 (2020: \$670,040) and a net asset position of \$4,818,848 (2020: \$1,069,253).

DIVIDENDS

No dividends have been paid, and the directors do not recommend the payment of a dividend for year ended 30 June 2021 (2020: nil).

DIRECTORS' REPORT

REVIEW OF OPERATIONS

ACQUISITION OF COOGEE GOLD PROJECT

On 26 August 2020 the Company acquired Serena Minerals Limited's rights to earn a joint venture interest in the Coogee Gold Project, located near Kambalda in Western Australia, pursuant to a 2017 Farm-in and Joint Venture Agreement with Ramelius Resources Limited ("Ramelius").

On 14 January 2021 the Company acquired the remaining interest in the Coogee Gold Project from Ramelius.

ABOUT THE COOGEE GOLD PROJECT

The Coogee Project is located approximately 55km southeast of Kalgoorlie on the north-eastern shore of Lake Lefroy and comprises four tenements (Mining Lease M26/477, Exploration Lease E26/177 and Miscellaneous Licences L26/264 and L26/265) which cover an area of approximately 17km².

The project's location near the major mining centre of Kalgoorlie in Western Australia provides ready access to both significant exploration and mining support services and a skilled workforce (Figure 1).

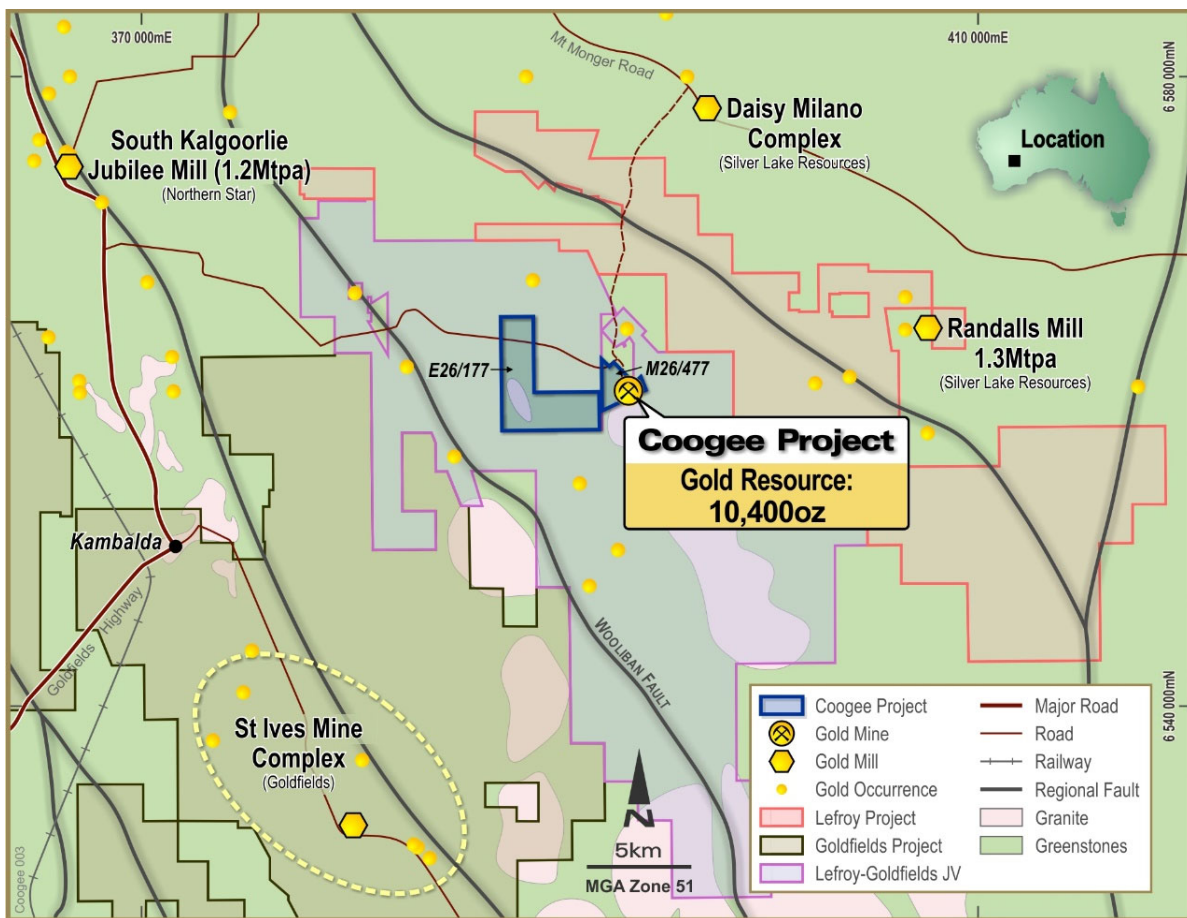


Figure 1: Location map of Coogee Project

DIRECTORS' REPORT

The Coogee Project area occupies a portion of the Kalgoorlie Terrane in the southern part of the Eastern Goldfields Province of the Archaean Yilgarn Craton (Figure 2). The project area falls within the northern confines of the Parker Domain, which is bounded in the east and west by two major regional north trending structures, the Mount Monger and Lefroy Faults respectively. The structural trend is northwest. The weathering profile is a truncated laterite profile where upper saprolite is overlain by up to 15m of Cainozoic transported cover comprising sand and coarse gravel.

The Coogee gold deposit is located on tenement M26/477. The deposit was successfully mined during 2013 by Ramelius with gold grades averaging 4.7g/t for an aggregate of 20,000 ounces. It is hosted within a package of intermediate to felsic volcanics and volcanoclastics, comprising dacite, andesite and rhyolite lithologies. The Coogee deposit is highly altered to a skarn like mineral assemblage in which the distinctive minerals are garnet, actinolite, phlogopite, epidote, magnetite and pyrite. In the mineralised lode albite or albite-quartz is often the dominant mineral with lesser amounts of phlogopite, sericite, K-feldspar, apatite and epidote.

Coogee Mineral Resource¹ noted in Figure 1 is reported to the guidelines of JORC (2012) is tabled below:

| Indicated | | | Inferred | | | Total | | |
|-----------|-----|-------|----------|-----|-------|--------|-----|--------|
| Tonnes | g/t | oz | Tonnes | g/t | oz | Tonnes | g/t | oz |
| 31,000 | 3.6 | 3,400 | 65,000 | 3.3 | 7,000 | 96,000 | 3.4 | 10,400 |

¹ Ramelius ASX Release 10 September 2019

High grade gold mineralisation has been observed to be associated with coarse grained pyrite. The grains of pyrite generally form in clusters proximal to strong magnetite–chlorite alteration which is the highest-grade alteration that is associated with the gold mineralisation. More distal alteration is made up of hematite–chlorite assemblage, with or without sericite, the broader alteration pattern comprises epidote within a medium to coarse grained dacite and finer grained andesite/rhyolite rock types.

DIRECTORS' REPORT

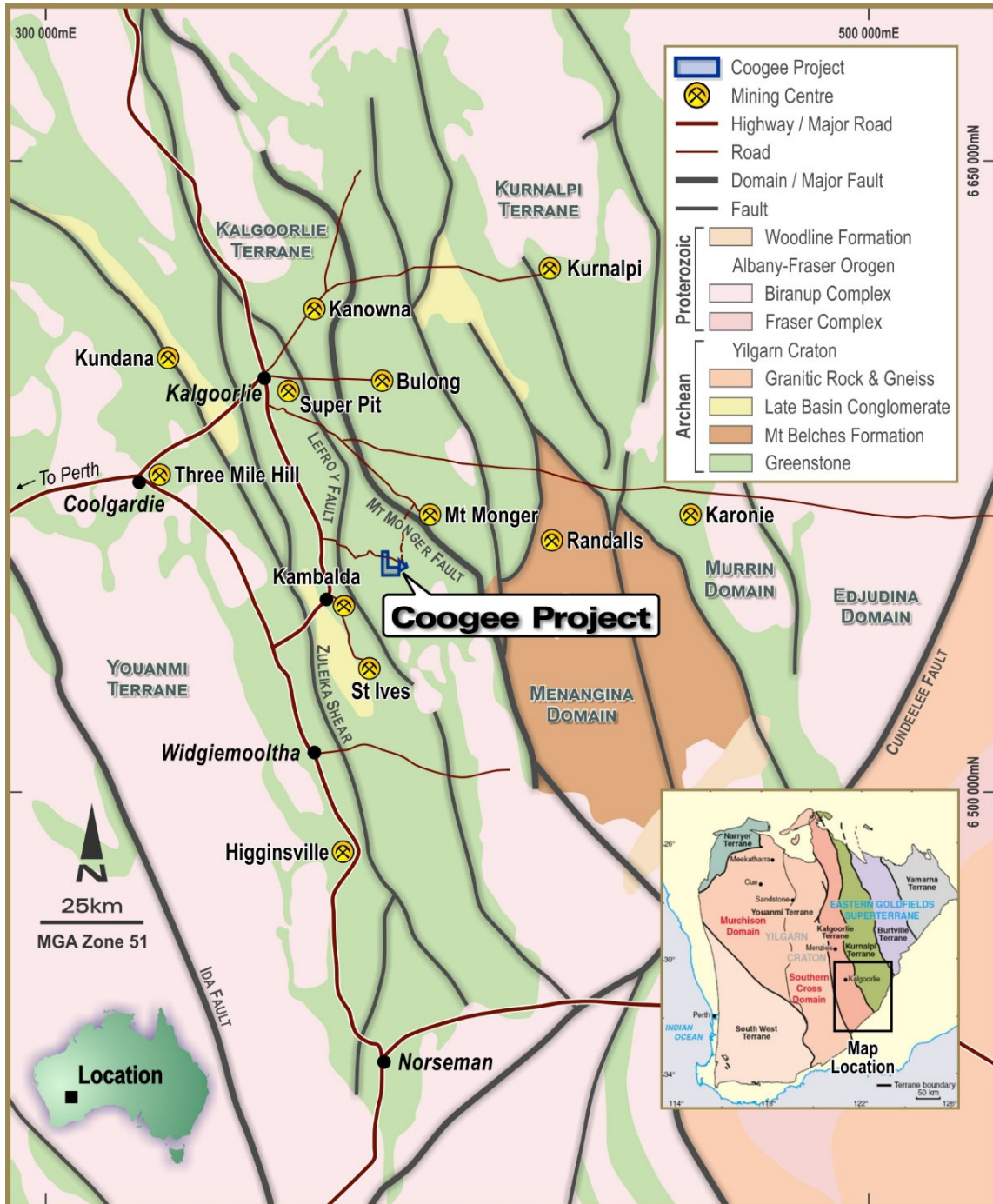


Figure 2: Coogee Project tenements and regional geology

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

Since acquiring the Coogee Project in August 2020, the Company has completed three phases of Reverse Circulation ("RC") drill programs at the project for a total of 122 holes for 16,751 metres.

The RC drill programs over the last 12 months were designed to achieve the following outcomes:

1. Drill test the down plunge extensions of a number of the high-grade gold shoots within the Coogee Pit Trend and below the previously mined Coogee Pit.
2. Define the northern extension of the two newly defined gold-copper trends north of the Coogee Pit.
3. Develop a greater understanding of the previously identified copper-gold porphyry target at Coogee North, located immediately to the north-east of the pit.

The drill programs have been successful in outlining mineralisation which transitions from gold in the Coogee pit trend to copper-gold to the north. The overall Coogee mineralised trend now has a strike length of 1km, making it a significant gold-copper mineralised system, with the northern half being copper rich.

Significant 1m gold and copper intersections that have been returned from the RC drill programs include:

- CORC027: 10m @ 12.01 g/t Au from 93 metres (inc. 3m @ 35.87g/t Au from 94m)
- CORC023: 2m @ 13.82 g/t Au from 102 metres (inc. 1m @ 26.40g/t Au from 102m)
- CORC048: 13m @ 3.07g/t Au from 77m
- CORC052: 22m @ 2.22 g/t Au from 92m (inc. 12m @ 3.31g/t Au from 93m)
- CORC054: 25m @ 2.37 g/t Au from 97m (inc. 17m @ 3.31g/t Au from 97m and inc. 6m @ 7.51 g/t Au from 99m)
- CORC055: 8m @ 3.45 g/ Au from 76m (inc. 2m 8.94 g/t Au from 79m), 12m @ 2.22 g/t Au from 92m and 1m @ 1.77 g/t Au from 118m
- CORC064: 17m @ 1.98 g/t Au from 77m
- CORC076: 23m @ 1.38 g/t Au from 128m inc. 16m @ 1.74g/t Au from 129m
- CORC089: 38 @ 0.54 g/t Au from 163m to EOH inc. 2m @ 2.57g/t Au from 199m to EOH
- CORC091: 8m @ 3.03 g/t Au and 0.37% Cu from 124m
- CORC095: 22m @ 1.11 g/t Au and 5m @ 3.16 g/t and 1.56% Cu from 160m
- CORC096: 7m @ 2.20% Cu and 0.65 g/t Au from 132m, inc. 4m @ 3.25 % Cu and 1.01 g/t Au
- CORC091: 5m @ 2.96 g/t Au and 0.71 % Cu from 103m, inc. 3m @ 4.22 g/t Au and 0.98% Cu
- CORC092: 5m @ 2.92 g/t and 0.52% Cu from 127m, inc. 1m @ 6.44 g/t Au

Recent four metre composite assays results include:

- CORC107: 32m @ 1.44 g/t Au from 108m, inc. 8m @ 3.93 g/t Au
- CORC106: 24m @ 0.87 g/t Au from 164m, inc. 16m @ 1.10g/t Au
- CORC108: 8m @ 3.59 g/t Au and 0.44% Cu from 124m, inc. 4m @ 5.99 g/t Au and 0.48% Cu

DIRECTORS' REPORT

Commentary on results

With the return of an intersection of 10m @ 12.01 g/t Au, which includes 3m grading 35.87 g/t Au in drill hole CORC027, a very high-grade gold shoot has been further defined to the south of the Coogee pit. This high-grade shoot has been outlined over 100m in a down plunge direction and remains open. The presence of pervasive magnetite and chlorite accompanied by intense pyrite has been observed to be related to high grade mineralisation and will be used to vector towards down-plunge and strike extensions of the southern high-grade shoot.

Significant widths of gold and copper mineralisation have been intersected immediately north of the Coogee pit by the Company's drilling. Two sub-parallel gold-copper mineralised trends with both containing high-grade gold and copper intercepts have been successfully defined. The copper and gold intersections occur within a variable mineral assemblage comprising hematite-epidote-magnetite-siderite-pyrite-chalcopyrite +/- bornite altered porphyry intrusive and mafic host rocks.

The Coogee Main Trend directly north of the pit has now been further defined by RC drilling for over a strike length of 400m and is the likely continuation of the Coogee Pit structure. The potential for high-grade gold mineralisation, as seen at the Coogee Pit and to the south, still exists within the Main Trend to the north-west as seen drill hole CORC099 of 8m @ 3.64 g/t Au including 4m @ 6.78g/t Au.

The newly identified "Eastern Trend" has been delineated over a strike length of 400m with significant intersections returned in drill holes CORC064 and CORC096 over that distance. Drill hole CORC064 on the Eastern Trend returned a spectacular copper intersection coincident with high-grade gold assays comprising 17m @ 1.00% Cu, 1.98 g/t Au from 77m including 10m @ 1.28% Cu, 1.91 g/t Au from 80m. This copper-gold intersection featured a high-grade assay of 1m @ 5.64% Cu and 4.74g/t Au. In drill hole CORC096 an intersection of 7m @ 2.20% Cu and 0.65 g/t Au from 132m, including 4m @ 3.25 % Cu and 1.01 g/t Au has been recorded.

The copper intersections in drill hole CORC089 along the Main Trend comprised a broad Cu-Au mineralised interval of 30m @ 0.33% Cu, 0.52 g/t Au from 171m to end of hole, including higher grade intervals: 8m @ 0.69% Cu, 0.61 g/t Au from 171m including 4m @ 1.03% Cu, 0.75 g/t Au from 173m and 9m @ 0.38% Cu, 0.91g/t Au from 192m to end of hole.

Assay results from the latest third phase RC drilling program has strengthened the gold-copper mineralisation footprint along strike and confirmed the downdip extensions of gold and copper mineralisation on both the Coogee Main and Eastern Trends. Both trends remain open along strike to the north east and down dip to the south west.

The width and tenor of gold and copper mineralisation has remained highly encouraging with a number of double-digit metre intersections including: 22m @ 1.11 g/t Au and 0.73% Cu in CORC095 and 32m @ 1.44 g/t Au in CORC107. Within these broader zones, a number of higher-grade shoots present attractive future drilling targets. These include: 8m @ 3.93 g/t Au in CORC107 and 8m @ 3.59 g/t Au in CORC108, 4m @ 3.16 g/t Au and 1.56% Cu in CORC095 and 5m @ 2.92g/t Au and 0.52% Cu in CORC092.

Significant and encouraging results from the third phase recent drilling program are expected which will allow further refinement of the geological and mineralisation models at the Coogee Project.

DIRECTORS' REPORT

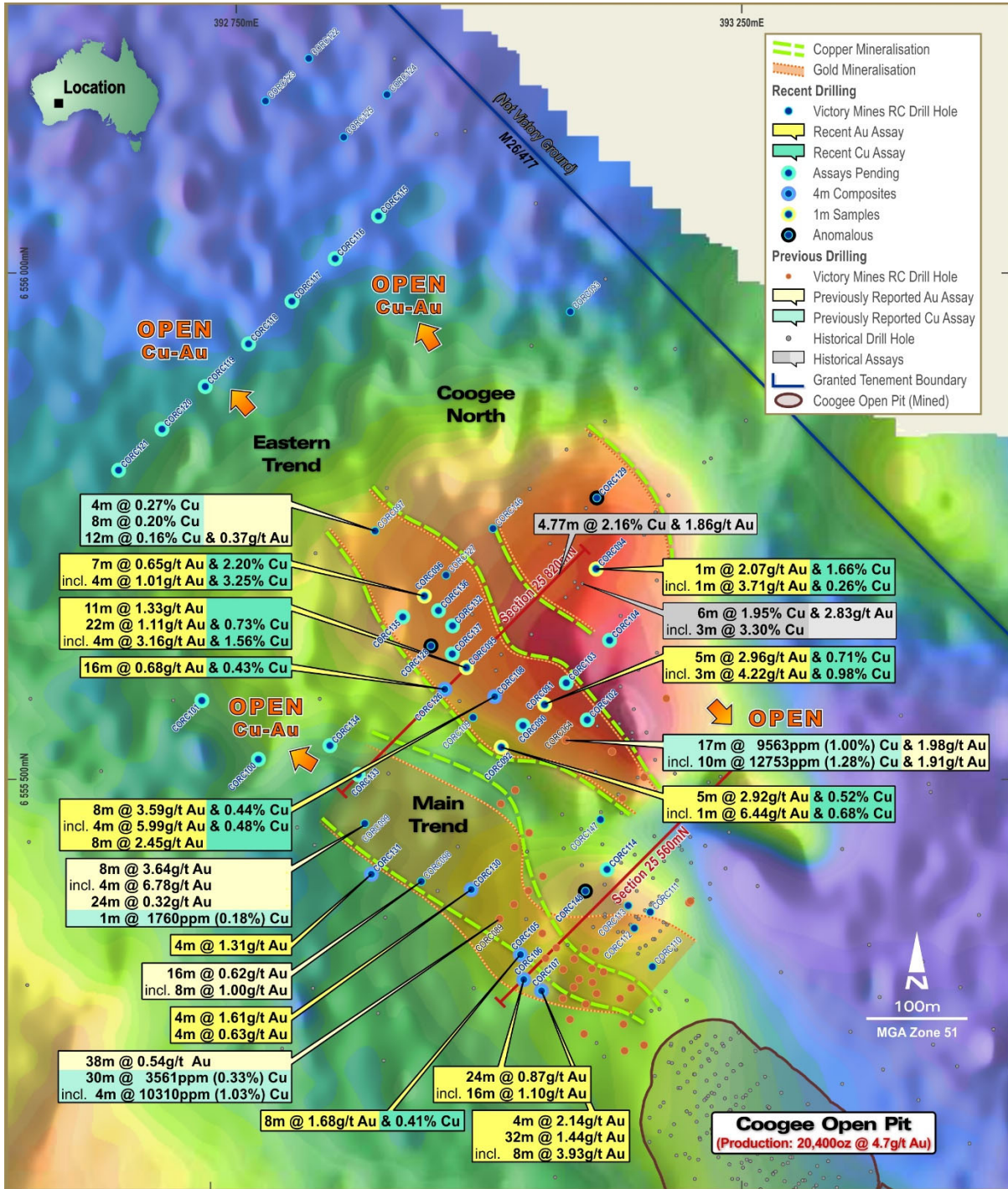


Figure 3: Coogee Project - illustrating recent and new gold and copper intersections from all three trends, namely the Main Trend, Eastern Trend and Coogee North.

DIRECTORS' REPORT

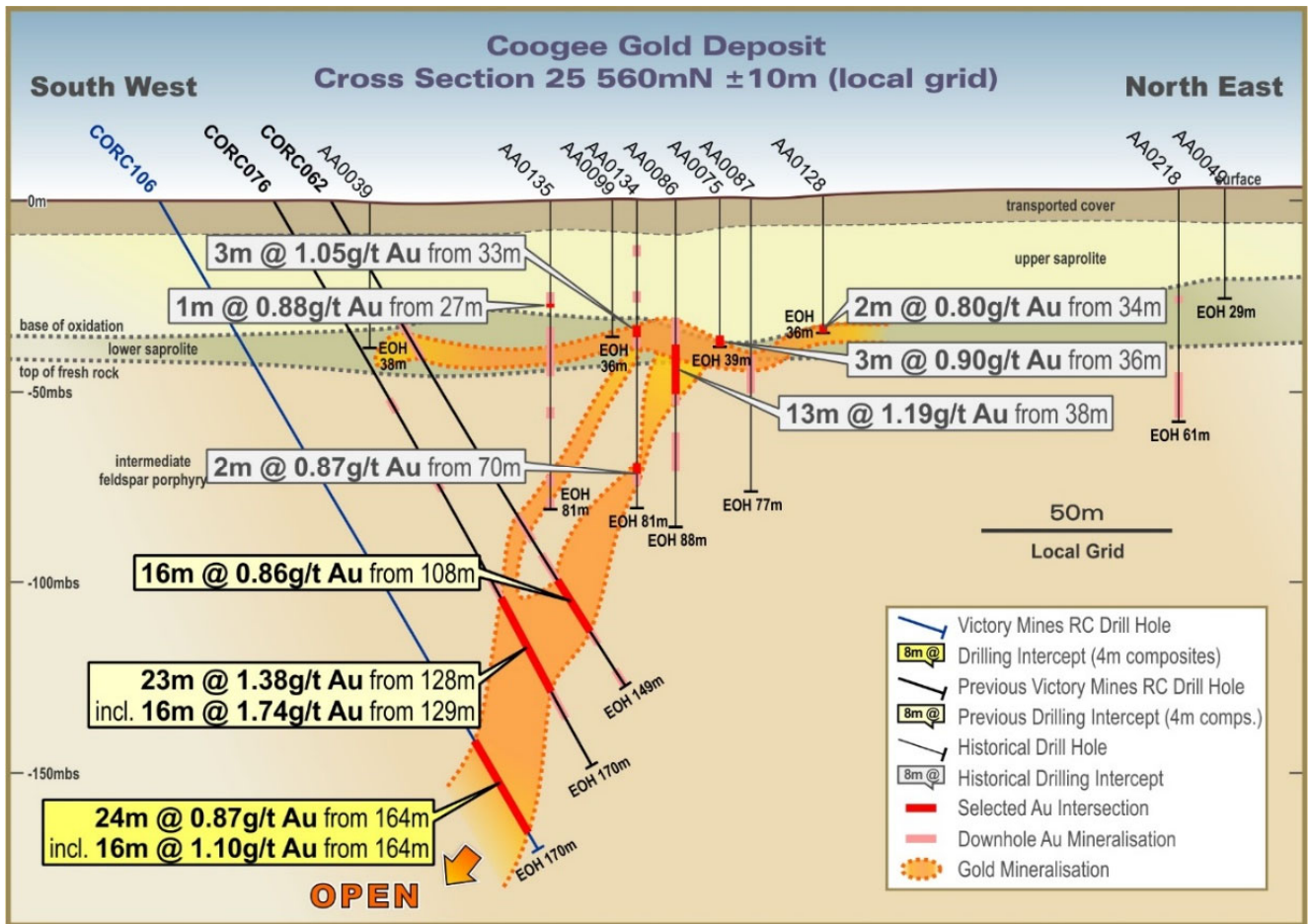


Figure 4: Coogee RC drill section 25560 N local grid highlighting recent gold intersections of 16m @ 1.10 g/t in CORC106.

DIRECTORS' REPORT

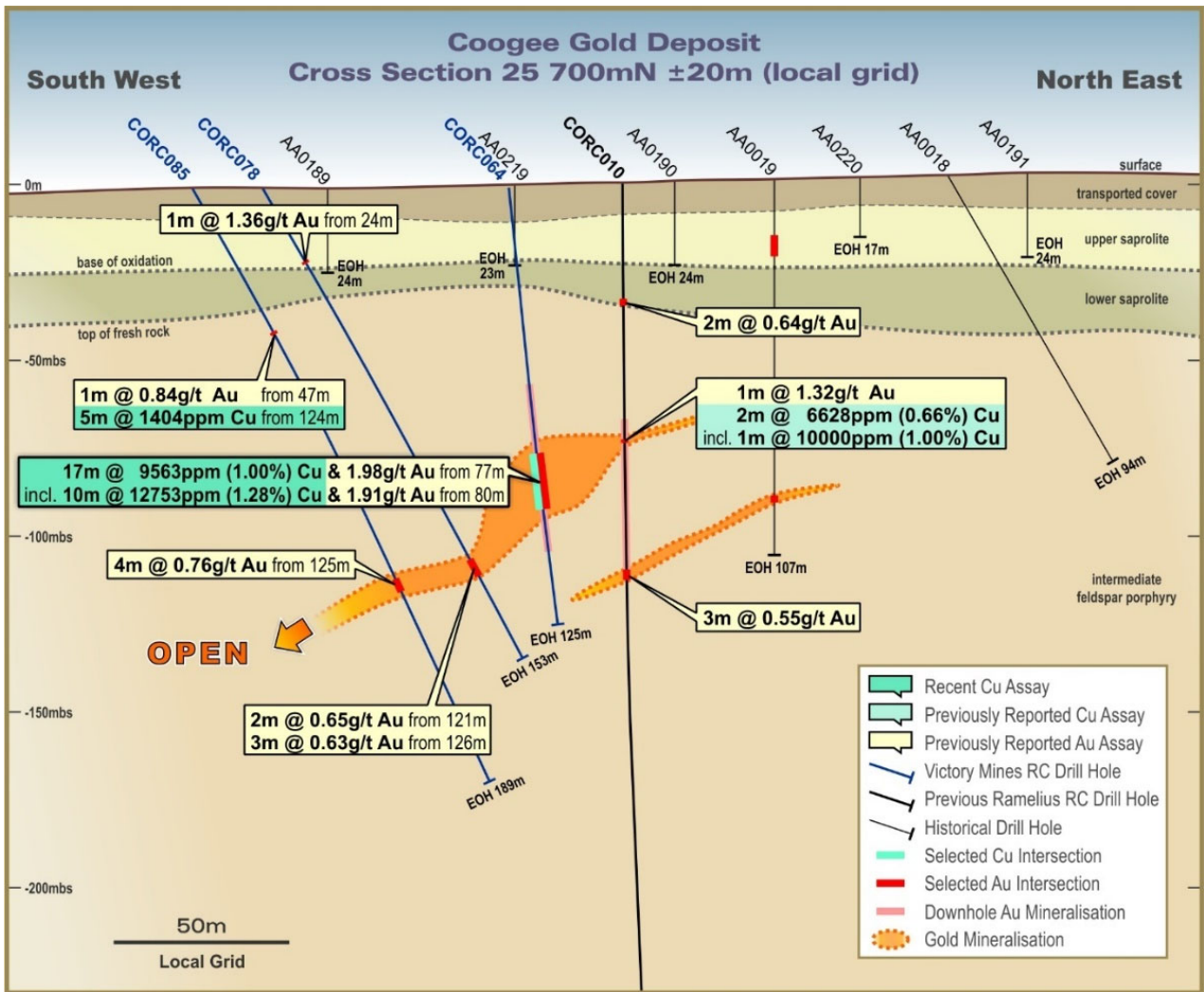


Figure 5: Coogee RC drill section 25700N local grid highlighting significant cooper-gold intersection from CORC064 of 17m @ 1.00% Cu and 1.98g/t Au.

DIRECTORS' REPORT

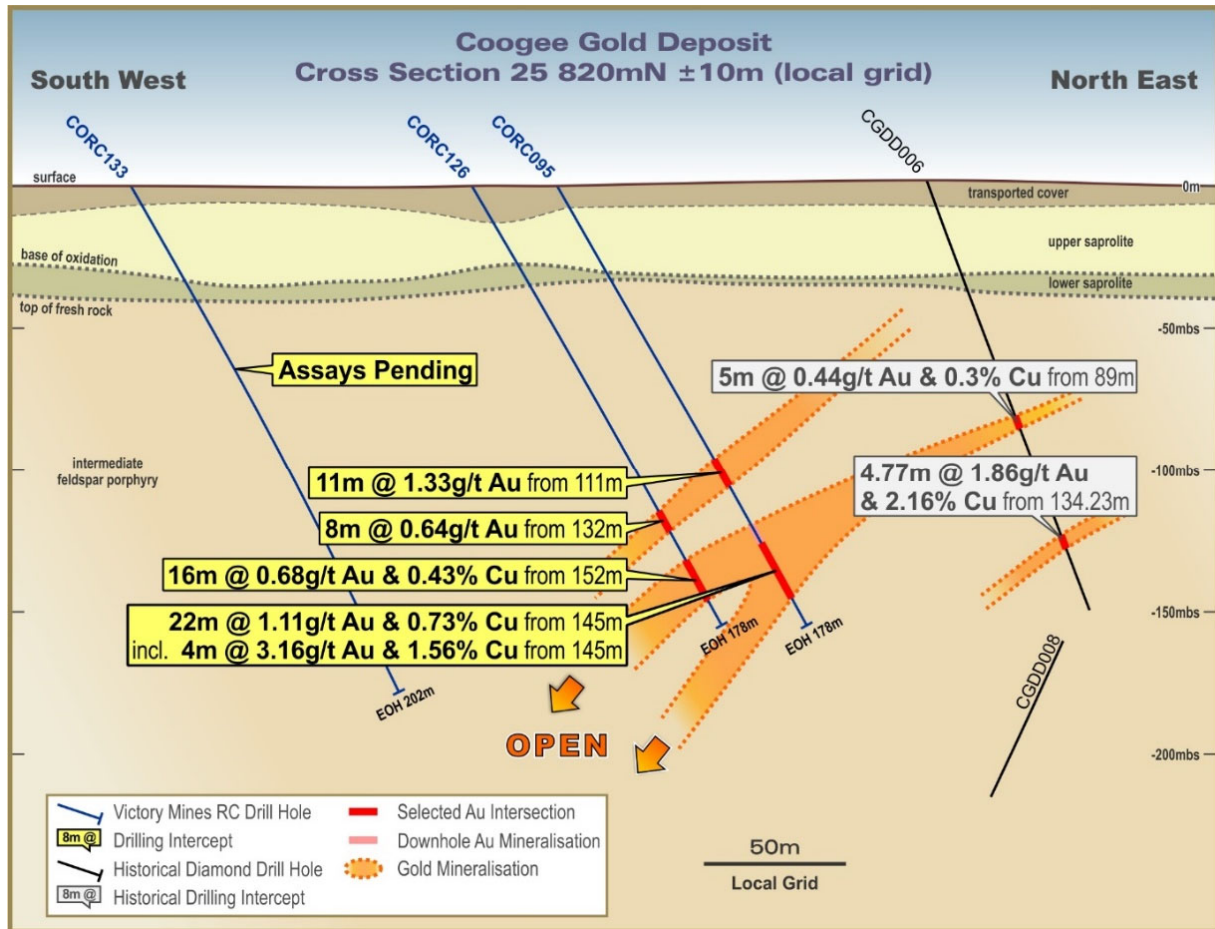


Figure 6: Coogee RC drill section 25820 N local grid highlighting recent gold intersections of 22m @ 1.11 g/t Au and 0.73 % Cu in CORC126.

BONAPARTE, KIMBERLEY REGION WA

Work Conducted during the year

In June of this year, a field trip to the Bonaparte Project (E80/4091) in the North Kimberley region of Western Australia was completed. Activities undertaken included mapping, general reconnaissance and the location of historical drill hole collars.

A detailed analysis of rock chip sampling collected during a previous field mapping exercise demonstrated that Cu, Pb and Zn anomalism was much greater than initially considered. In addition, the historical drill core re-analyses confirmed that previous drilling over the Company's Redbank structure did intersect significant copper mineralisation. Reinterpretation of the available diamond drill core combined with field mapping, historical gravity and EM data indicate that the Redbank structure(s) may be mineralised over a strike length of 2.8 km.

DIRECTORS' REPORT



Figure 7: drill core showing the cross-cutting nature of the copper mineralisation

DIRECTORS' REPORT



Figure 8: Exceptional exposure of malachite and chrysocolla in limonite. Gossan has developed as a vein/fracture network amongst a fine grained quartz arenite host. Image courtesy of Dr Robert Madden of Microanalysis Australia. Latitude: 15° 22' 20.802" S Longitude: 128° 39' 6.078" E

The Company completed a ten-hole drilling programme which included twinning several historical drill holes with modern drilling methods and sampling techniques. A total of 10 holes for 738 metres of RC drilling was completed. Assay results from the drilling program demonstrated the presence of localised Cu-Pb-Zn mineralisation in three of the new drill holes. Drill hole 20VRC001 intersected a 2metre vein-interval grading 2.23% Copper accompanied by 1.7% Lead and 0.1% Zinc. Geochemically anomalous base metal mineralisation surrounded the mineralised vein interval.

DIRECTORS' REPORT

Also, of particular note, were the broad intersections of altered lithologies hosting elevated geochemical base metals anomalism in many of the new Victory drill holes. Whilst some of the previously reported historical base metal drilling intersections were not replicated in the new Victory drilling results, the new drilling confirms the extensive nature of the regional copper, lead and zinc anomalism within the tenement. Additional fieldwork conducted during the year focussed on the Martins Gossan and Redbank areas.

A historical review of previous exploration at Redbank identified a significant base metals footprint discovered by Carpentaria Exploration in the late 1990's. This base metals anomalism along with three other nearby locations will be further field evaluated during the next year.

Tenement Extension

The Company has been granted an extension for the tenement E80/4901 until 15 July 2025.

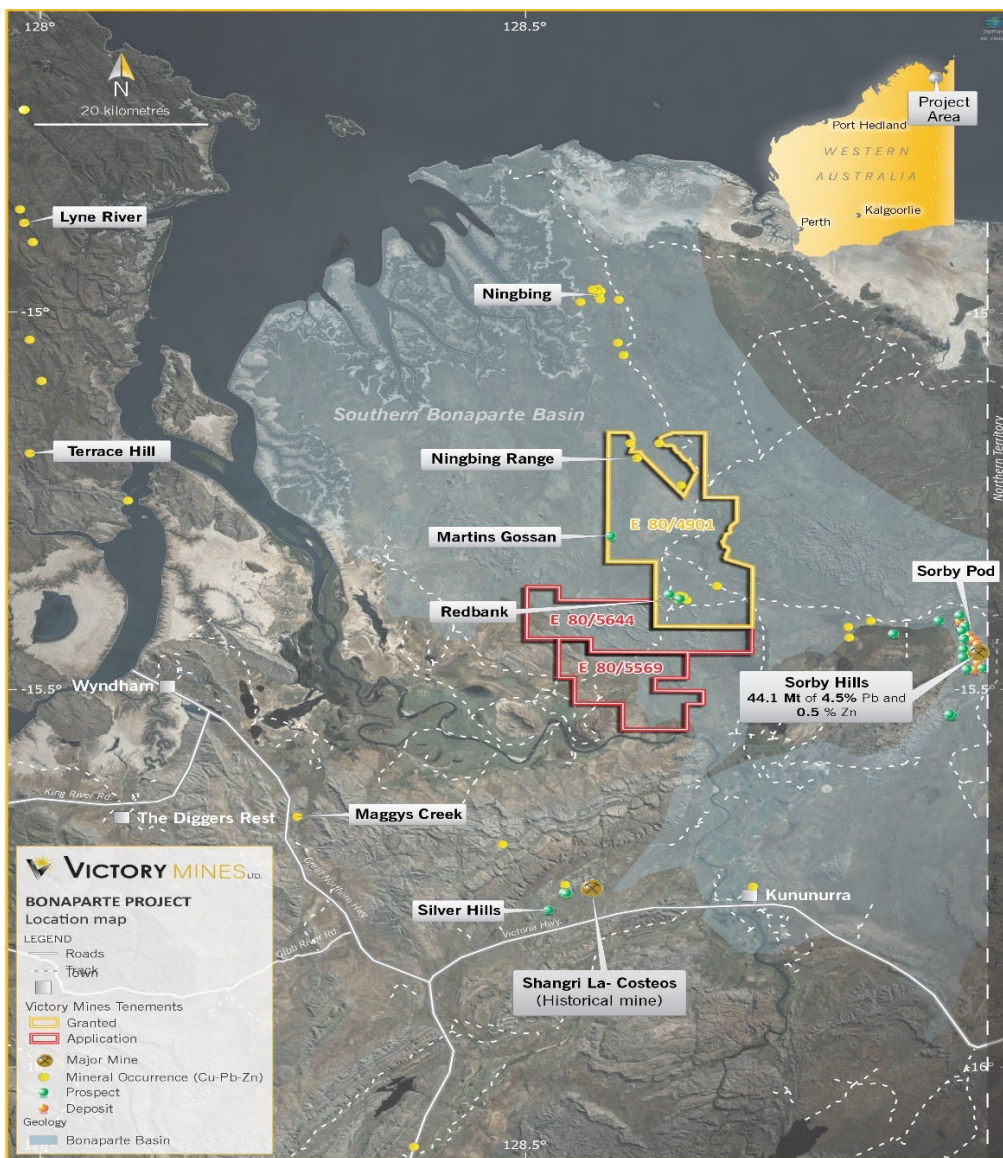


Figure 9: Bonaparte tenement locations

DIRECTORS' REPORT

HUSKY & MALAMUTE PROJECTS NSW

The Company's initial focus for the Malamute Project was to produce a 4N HPA product for use in the lithium-ion battery and sapphire glass markets. However, following the identification of high iron, silica and sodium in the Malamute laterite which could not be economically removed from a trial HPA concentrate, metallurgical test work for a 4N HPA product has been discontinued.

During the year, the Company received complete assay results from the 2019 drilling campaign. Oxide and full elemental spectrum analyses indicated low-level results and no further work on the 2019 drilling campaign activities is necessary. However, some follow-up fire assays will be carried out for possible gold anomalism within some previously untested quartz-rich drilled intersections.

Despite the low levels from the assays, both tenements offer good potential for the presence of Cu-Au in granitic porphyry-style systems and localities outside of the 2019 drilling program area which are currently being investigated.

GALAH WELL & PEPPERILL HILL, NORTHERN GOLDFIELDS WA

Detailed field investigation of both the Galah Well and Peperill Hill tenements was carried out during the year. This investigation has resulted in the application for adjacent prospective ground. The Company is also reviewing all available aeromagnetic data as a precursor to carrying out a new low altitude survey which will upgrade all data to a higher level of quality total magnetic intensity data.

The existing tenements and new tenement applications contain significant and extensive N-S and E-W intrusive structures which appear to have been only partially investigated in the Company's earlier soil sampling program. These structurally constrained intrusives appear to be the dominant exploration focus for the St George Mining Cathedral and Mt Alexander nickel-copper sulphide occurrences to the south of VIC's Galah Well tenement.

The major historical explorer at Galah Well & Peperill Hill projects was BHP Billiton in the late 90's and early 2000's. BHP relinquished their titles in the region after concluding that there would be insufficient depth to any Ni-Cu sulphide occurrences. St George Mining Limited have adequately demonstrated significant opportunity for the region to contain large tonnage massive sulphide deposits.

Accordingly, the Company's existing tenements and the new applications are considered to offer similar potential for Cathedral and Mt Alexander-style Ni-Cu mineralisation.

To the north of Victory's Peperill Hill tenement, Techgen Metals Limited ("Techgen") has recently carried out some soil sampling and drilling which has identified a new ultramafic belt which trends N-S and potentially southwards. Techgen has also identified gold mineralisation from its RC drilling program with results grading over 3g/t Au.

The recent Techgen activities whilst very early days offers an important new ultramafic gold exploration target within a region where significant structurally controlled gold mines/deposits occur to the east.

DIRECTORS' REPORT

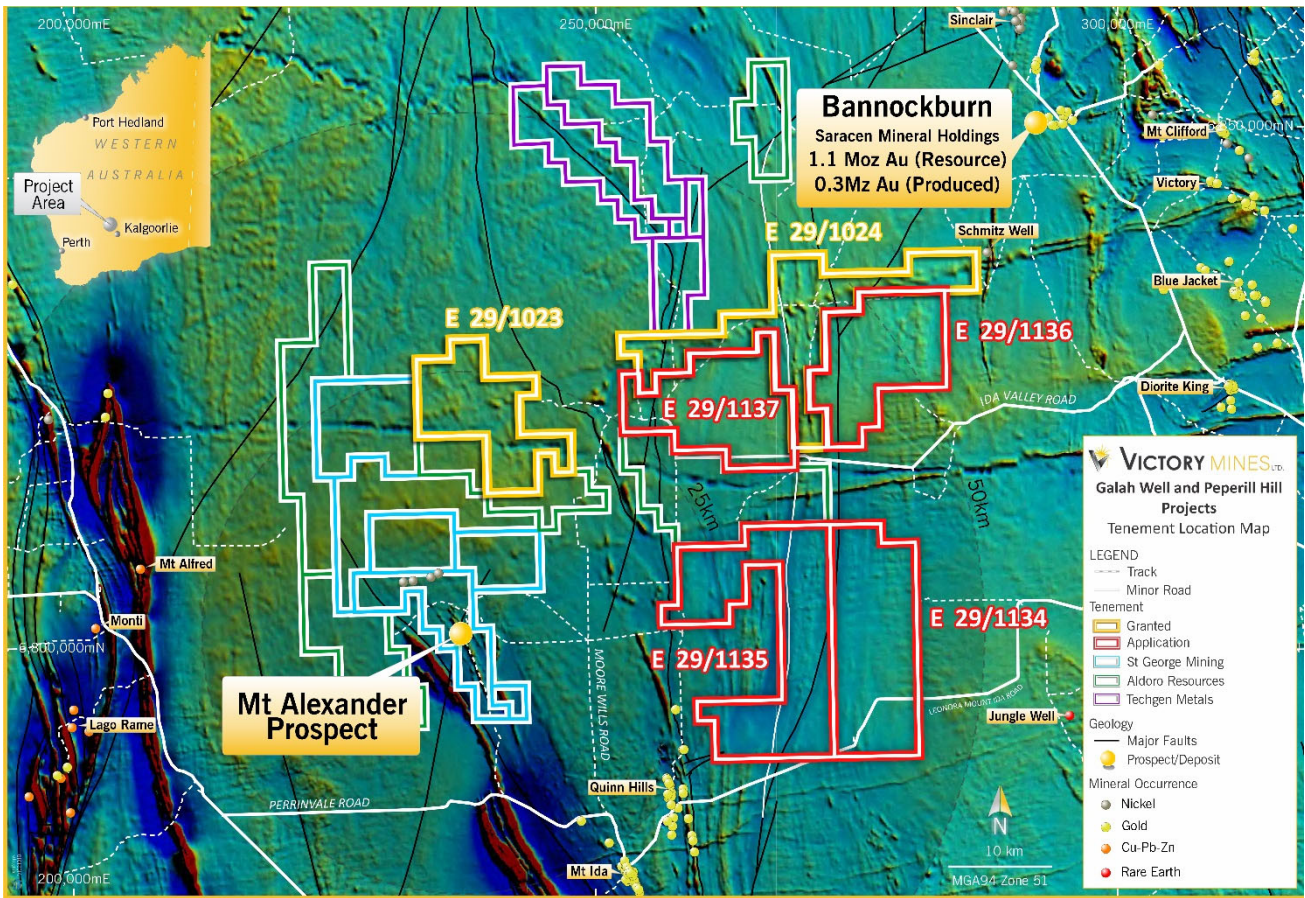


Figure 10: Galah Well and Peperill Hill tenement locations

COPPER MOUNTAIN PROJECT, PATERSON PROVINCE WA

The Company acquired Carmichael Prospecting Company (CPC) on 25 September 2020.

Grant of Copper Mountain Project tenement – E45/5384

CPC was granted tenement E45/5384, after entering into a Land Access and Mineral Exploration Agreement with the Western Desert Lands Aboriginal Corporation, representing the Native Title Holders for the area over which the tenement is located.

The Copper Mountain Project is located approximately 360kms east north east of Newman and 60kms east of the Telfer Copper/Gold Mine site. The historical exploration activities undertaken on the tenement area include Normandy Gold in 1997 and more recently FMG from 2009 to 2013.

During the year, the Company undertook a desktop study in relation to the potential for base metals, gold uranium and potash within the tenemented area.

DIRECTORS' REPORT

Granting of additional tenement – E45/5751

CPC also applied for and was granted an additional adjacent tenement - E45/5751. It is over 2 blocks to the southwest of E45/5384.



Figure 11: Copper Mountain tenement locations

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

SIGNIFICANT CHANGES AFTER THE REPORTING PERIOD

The following subsequent events occurred after balance date:

Victory received firm commitments to complete a capital raising of \$2.5 million through the issue of 1,000,000,000 fully paid ordinary shares at \$0.0025 each, with an attaching option on a 1:4 basis exercisable @ \$0.003 expiring 31 December 2024.

982,000,000 fully paid shares and 245,500,000 attaching options were issued under the Company's existing ASX Listing Rule 7.1 and 7.1A placement capacity (ASX LR 7.1 - 425,174,723 Shares and 245,500,000 options, ASX LR 7.1A - 556,825,277 Shares).

VIC's directors have agreed to subscribe for the remaining 18,000,000 fully paid shares and 4,500,000 attaching options subject to shareholder approval under ASX Listing Rule 10.11.

Shaw & Partners received a 6% selling fee on the funds raised. In addition, Shaw & Partners will receive 250,000,000 options exercisable at \$0.003 per share on or before 31 December 2024 subject to shareholder approval under ASX Listing Rule 7.3.

No other matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect:

- The Group's operations in future financial period; or
- The results of those operations in future financial periods; or
- The Group's state of affairs in future financial periods.

DIRECTORS' REPORT

COMPETENT PERSON

The information in this report that relates to Exploration Results is based on information compiled by Mr Harjinder Kehal who is a Registered Practicing Geologist and Member of the AusIMM and AIG. Mr Kehal has been engaged as a Consultant by Victory Mines Limited. Mr Kehal 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'. Mr Kehal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report on Galah Well, Peperill Hill, Bonaparte, Copper Mountain, Husky and Malamute Projects that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Rob Mosig who is a Fellow of the Australasian Institute of Mining and Metallurgy (F.AusIMM). Mr Mosig 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 Mosig consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the above original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Mr David Sanders

BComm, BJuris, LLB (Hons),
GradDipAppFin

Non-Executive Chairman

Mr Sanders has more than 20 years' experience in corporate law. He has advised numerous entities including ASX listed and private companies on capital raisings, mergers and acquisitions, commercial transactions, and ASX and Corporations Act compliance. In addition to his legal qualifications, he has a Bachelor of Commerce and a Graduate Diploma of Applied Corporate Finance.

Interest in Shares and
Options

33,333,337 fully paid ordinary shares
21,500,000 Options

Directorships held in other
listed entities in last 3 years

Caeneus Minerals Ltd (till 4 March 2021)
Pura Vida Energy NL (till Nov 2019)
Force Commodities Limited (till 4 February 2019)

Date of appointment

31 January 2019 as Non-Executive Director, 30 September 2020 as Non-Executive Chairman

Mr Matthew Blake

BComm

Non-Executive Director

Mr Blake has over 20 years' experience in the financial services industry. He joined DJ Carmichael Pty Limited in 1999 as an Investment Adviser, later becoming an Executive Director of the company until the sale of the business to Shaw and Partners Limited in 2019. Mr Blake has a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Applied Finance and Investment with the Financial Services Institute of Australasia.

Interest in Shares and
Options

90,000,000 fully paid ordinary shares
163,840,293 fully paid ordinary shares held by DJ Carmichael Pty Ltd.
40,000,000 Options

Directorships held in other
listed entities in last 3 years

Crowd Media Holdings Limited (current)
Great Southern Mining Limited (current)

Date of appointment

23 October 2019 as Non-Executive Director, 30 September 2020 as Executive Director

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (CONTINUED)

Mr Zaffer Soemya
B. Engineering (Civil)

Non-Executive Director

Mr Soemya graduated from the University of Western Australia with a Bachelor of Engineering degree (Civil) in 1983. He has over 25 years' experience in project management of major infrastructure and mining projects.

Since 2005 he has been the General Manager of a medium-sized engineering company specialising in the installation, maintenance and design of bulk materials handling and processing equipment for the mining industry

In 2017 he joined the board of Serena Minerals Ltd as Non- Executive Director. Over this period, Serena Minerals has acquired high quality projects that are drill ready, including gold, base metals and uranium tenements in WA, including the Coogee Project recently acquired by the Company from Serena Minerals.

| | |
|---|--|
| Interest in Shares and Options | 9,000,000 fully paid ordinary shares 11,000,000 Options |
| Directorships held in other listed entities in last 3 years | Nil |
| Date of appointment | 30 September 2020 |

Victory Mines Limited

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS (CONTINUED)

Mr Alec Pismiris

BComm, MAICD, FGIA,FCG

Non-Executive Director

Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has participated in numerous processes by which boards have assessed the acquisition and financing of a diverse range of assets. He has a sound knowledge of ASX corporate governance guidelines, board processes and the regulatory environment in which public companies operate. Mr Pismiris completed a Bachelor of Commerce degree, is a member of the Australian Institute of Directors, and a fellow of the Governance Institute of Australia.

Interest in Shares and
Options

50,000,000 fully paid ordinary shares

Directorships held in other
listed entities in last 3 years

Agrimin Limited (current)
Frontier Resources Limited (current)
The Market Herald Limited (current)
Pacton Gold Inc (TSX listed) (current)
Sunshine Gold Limited (formerly Pelican Resources Limited) (current)
Agua Resources Limited (till 14 June 2019)

Date of appointment

31 January 2019

Date of resignation

30 September 2020

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of the Company and for other key management personnel.

Remuneration Policy

The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentive based on key performance areas affecting the Company's financial results. 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 key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was deployed by the board; and
- All executives receive a base salary (which is based on factors such as length of services 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 key management personnel is measured against criteria agreed annually with each key management personnel 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 rewards them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to key management personnel 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.

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Options Issued as Part of Remuneration

During the year the following options were issued to Directors as part of remuneration (2020: nil).

| Director | Number of options | Valuation |
|---------------|-------------------|-----------|
| David Sanders | 20,000,000 | \$32,000 |
| Matthew Blake | 30,000,000 | \$48,000 |
| Zaffer Soemya | 5,000,000 | \$8,000 |

The valuation model inputs used in the Black-Scholes valuation model to determine the fair value at grant date are as follows:

| | Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|------------------|-------------|-------------|-------------|----------------|---------------------|-------------------------|------------|
| Director Options | 27 Nov 2020 | 30 Nov 2023 | \$0.003 | \$0.01 | 125% | 0.11% | \$0.0016 |

Details of Remuneration

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

| 2021 | Short-term Benefits | Post-employment Benefits | Other Long-term Benefits | Share based Payment | | Termination Benefits | Total | Value of Options Remuneration | Performance Related |
|--------------------|------------------------|--------------------------|--------------------------|---------------------|---------------|----------------------|----------------|-------------------------------|---------------------|
| | Cash, salary & bonuses | Super-annuation | Other | Equity | Options | | | | |
| | \$ | \$ | \$ | \$ | \$ | | | | |
| Directors | | | | | | | | | |
| David Sanders | 54,000 | 5,130 | - | - | 32,000 | - | 91,130 | 35.1 | - |
| Matthew Blake | 72,000 | - | - | - | 48,000 | - | 120,000 | 40.0 | - |
| Zaffer Soemya (i) | 27,000 | 2,565 | - | - | 8,000 | - | 37,565 | 21.3 | - |
| Alec Pismiris (ii) | 9,000 | - | - | - | - | - | 9,000 | - | - |
| | 162,000 | 7,695 | - | - | 88,000 | - | 257,695 | | |

(i) Appointed 30 September 2020

(ii) Resigned on 30 September 2020

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

| 2020 | Short-term Benefits | Post-employment Benefits | Other Long-term Benefits | Share based Payment | | | | | |
|---------------------|------------------------|--------------------------|--------------------------|---------------------|----------|----------------------|----------------|-------------------------------|---------------------|
| | Cash, salary & bonuses | Super-annuation | Other | Equity | Options | Termination Benefits | Total | Value of Options Remuneration | Performance Related |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| Directors | | | | | | | | | |
| David Sanders | 36,000 | 3,420 | - | 10,000 | - | - | 49,420 | - | - |
| Alec Pismiris | 36,000 | - | - | 10,000 | - | - | 46,000 | - | - |
| Matthew Blake (i) | 24,870 | - | - | - | - | - | 24,870 | - | - |
| Rohan Dalziell (ii) | 15,000 | - | - | 10,000 | - | - | 25,000 | - | - |
| | 111,870 | 3,420 | - | 30,000 | - | - | 145,290 | | |

(i) Appointed 23 October 2019

(ii) Resigned on 26 November 2019

Shareholdings

Number of Shares held by Key Management Personnel during the year ended 30 June 2021 was as follows:

| Director | Balance at 1 Jul 2020 ¹ | Granted as Compensation | Acquired | Other Changes | Balance at 30 Jun 2021 ² |
|----------------------------|------------------------------------|-------------------------|-------------------|---------------|-------------------------------------|
| David Sanders | 27,333,337 | - | 6,000,000 | - | 33,333,337 |
| Matthew Blake | 50,000,000 | - | 50,000,000 | 153,840,293 | 253,840,293 |
| Zaffer Soemya ¹ | 5,000,000 | - | 4,000,000 | - | 9,000,000 |
| Alec Pismiris ² | 50,000,000 | - | - | - | 50,000,000 |
| Total | 137,333,337 | - | 60,000,000 | - | 346,173,630 |

¹ Or at date of appointment

² Or at date of resignation

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Options Holdings

Number of Options held by Key Management Personnel during the year ended 30 June 2020 was as follows:

| Director | Balance at 1 Jul 2020 ¹ | Granted as Compensation | Options Acquired | Options Expired | Balance at 30 Jun 2021 ² | Vested during Period |
|----------------------------|---------------------------------------|----------------------------|---------------------|--------------------|--|----------------------------|
| David Sanders | - | 20,000,000 | 1,500,000 | - | 21,500,000 | 20,000,000 |
| Matthew Blake | - | 30,000,000 | 10,000,000 | - | 40,000,000 | 30,000,000 |
| Zaffer Soemya ¹ | 5,000,000 | 5,000,000 | 1,000,000 | - | 11,000,000 | 5,000,000 |
| Alec Pismiris ² | - | - | - | - | - | - |
| Total | 5,000,000 | 55,000,000 | 12,500,000 | - | 72,500,000 | 55,000,000 |

¹ Or at date of appointment

² Or at date of resignation

Voting and Comments Made at the Company's 2020 Annual General Meeting ('AGM')

The Company received 99.9% of "yes" votes (cast on poll) on its remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration packages.

Other Transactions with Key Management Personnel

2021

- Lexcon Services Pty Ltd, a company of which the Non-Executive Director, Alec Pismiris was a director during the financial year, was paid \$9,000 for director fees.
- Bennett & Co, a company that David Sanders is an employee of, charged the Company \$78,240 for legal fees during the financial year.

2020

- A.C.P. Investments Pty Ltd, a company of which the Non-Executive Director, Alec Pismiris was a director during the financial year, was paid \$1,800 for underwriting the rights issue.
- David Sanders was paid \$1,560 for underwriting the rights issue.
- Bennett & Co, a company that David Sanders is an employee of, charged the Company \$58,286 for legal fees relating to the rights issue during the financial year.

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Additional Information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------------|-------------|-------------|--------------|-------------|-------------|
| Revenue | 26,611 | 4,702 | 1,618 | 28,334 | 32,615 |
| EBITDA | (639,979) | (474,578) | (12,989,536) | (2,997,821) | (3,447,786) |
| EBIT | (639,979) | (475,913) | (12,992,814) | (3,000,325) | (3,447,786) |
| Loss after tax | (639,979) | (471,211) | (13,090,902) | (3,002,429) | (3,524,111) |
| Share price at 30 June (\$ per share) | 0.002 | 0.001 | 0.002 | 0.008 | 0.012 |
| Loss per share (cents per share) | (0.014) | (0.019) | (0.97) | (0.38) | (1.80) |

End of Remuneration Report

MEETINGS OF DIRECTORS

Attendances by each director during the period were as follows:

| | Board meetings - eligible to attend | Board meetings - attended |
|------------------|--|----------------------------------|
| David Sanders | 9 | 9 |
| Matthew Blake | 9 | 9 |
| Mr Zaffer Soemya | 8 | 8 |
| Alec Pismiris | 1 | 1 |

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed in 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.

DIRECTORS' REPORT

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

During the period, the Company issued 100,000,000 unlisted options exercisable at \$0.01 per option expiring on 30 November 2023 to directors and consultants to the Company. The valuation model inputs used in the Black-Scholes valuation model to determine the fair value at grant date are as follows:

Director Options

| Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|------------------|------------------|-------------|----------------|---------------------|-------------------------|------------|
| 27 November 2020 | 30 November 2023 | \$0.003 | \$0.01 | 125% | 0.11% | \$0.0016 |

Consultant Options

| Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|------------------|------------------|-------------|----------------|---------------------|-------------------------|------------|
| 30 November 2020 | 30 November 2023 | \$0.0025 | \$0.01 | 125% | 0.11% | \$0.0013 |

During the year, 600,000,000 unlisted options exercisable at \$0.002 per option were exercised (2020: nil) No further shares have been issued as a result of the exercise of options since year end.

Victory Mines Limited
ABN 39 151 900 855

DIRECTORS' REPORT

OPTIONS (CONTINUED)

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

| Date of Expiry | Exercise Price | Number of Option |
|-----------------------|-----------------------|-------------------------|
| 31 May 2022 | \$0.003 | 66,666,668 |
| 20 December 2024 | \$0.002 | 125,000,000 |
| 30 November 2023 | \$0.01 | 100,000,000 |
| 31 December 2024 | \$0.003 | 1,170,500,000 |
| | | 1,462,166,668 |

PERFORMANCE RIGHTS

As at the date of this report, the Company has 200,000,000 Performance Rights on issue to Serena Minerals Limited. The shares are converted on the following milestones:

- (a) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 25,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of completion.
- (b) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 50,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of completion.

The performance milestones in relation to the performance rights were not met during the current period and activities have not yet reached a stage where the likelihood of achieving the milestones can be reliably determined.

Under the terms for the acquisition of the Bonaparte tenements acquired in 2018, the Company will issue Bonus Shares to the vendors on the achievement of the following performance milestones:

- 5,000,000 ordinary shares upon confirmation of a JORC probable reserve of 10m pounds at 10% copper or zinc or lead equivalent (Milestone 1); and
- 5,000,000 ordinary shares upon confirmation of a JORC probable reserve of 20m pounds at 10% copper or zinc or lead equivalent (Milestone 2).

The performance milestones in relation to the bonus shares were not met during the current period and activities have not yet reached a stage where the likelihood of achieving the milestones can be reliably determined.

DIRECTORS' REPORT

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 2021 (2020: Nil).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2021 has been received and can be found on page 31.

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



David Sanders

Non-Executive Chairman

Dated this 30 day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Victory Mines Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
30 September 2021



N G Neill
Partner

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INDEPENDENT AUDITOR'S REPORT

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 controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| Carrying value of Deferred Exploration and Evaluation Expenditure (Refer to Note 9) | |
| <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the deferred exploration and evaluation expenditure, because this is a significant asset of the Group.</p> <p>We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard.</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management's review of the carrying values of deferred exploration and evaluation expenditure; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We enquired with management as to the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report. |

Information other than the financial report and auditor's report thereon

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 2021, 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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 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.

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Victory Mines Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2021



N G Neill
Partner

Victory Mines Limited
ABN 39 151 900 855

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | Consolidated | |
|--|------|------------------|------------------|
| | | 2021 | 2020 |
| | | \$ | \$ |
| Revenue | | | |
| Interest revenue | 3 | 6,611 | 4,702 |
| Government incentives | 3 | 20,000 | - |
| Administration expenses | 4 | (288,194) | (135,549) |
| Corporate expenses | 4 | (370,894) | (167,527) |
| Exploration expenditure | | (7,502) | (10,000) |
| Impairment of exploration expenditure | 9 | - | (161,502) |
| Depreciation | | - | (1,335) |
| Loss before income tax expense | | (639,979) | (471,211) |
| Income tax expense | 2 | - | - |
| Loss after income tax expense for the year | | (639,979) | (471,211) |
| Other comprehensive income | | | |
| <i>Other Comprehensive Income that may be reclassified subsequently to profit and loss</i> | | - | - |
| Total comprehensive loss for the year | | (639,979) | (471,211) |
| Loss Per Share | | | |
| Basic and diluted loss per share (cents per share) | 5 | (0.014) | (0.019) |

The accompanying notes form part of these financial statements.

Victory Mines Limited
ABN 39 151 900 855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | Consolidated | |
|--|------|------------------|------------------|
| | | 2021 \$ | 2020 \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 993,212 | 670,040 |
| Trade and other receivables | 7 | 88,931 | 75,812 |
| Other assets | 8 | 19,612 | 195,261 |
| TOTAL CURRENT ASSETS | | 1,101,755 | 941,113 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation expenditure | 9 | 4,108,852 | 357,074 |
| TOTAL NON-CURRENT ASSETS | | 4,108,852 | 357,074 |
| TOTAL ASSETS | | 5,210,607 | 1,298,187 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 391,759 | 228,934 |
| TOTAL CURRENT LIABILITIES | | 391,759 | 228,934 |
| TOTAL LIABILITIES | | 391,759 | 228,934 |
| NET ASSETS | | 4,818,848 | 1,069,253 |
| EQUITY | | | |
| Issued capital | 11 | 27,989,706 | 24,035,275 |
| Reserves | 12 | 8,012,540 | 7,577,397 |
| Accumulated losses | | (31,183,398) | (30,543,419) |
| TOTAL EQUITY | | 4,818,848 | 1,069,253 |

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 2021

| | Note | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Non- Controlling Interest \$ | Total \$ |
|-------------------------------------|------|-------------------------|------------------|-----------------------------|---------------------------------------|------------------|
| Balance at 1 July 2019 | | 20,645,786 | 9,553,897 | (30,072,208) | - | 127,475 |
| Loss for the period | | - | - | (471,211) | - | (471,211) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive loss | | - | - | (471,211) | - | (471,211) |
| Shares issued | 11 | 1,595,232 | - | - | - | 1,595,232 |
| Share issue costs | 11 | (235,743) | - | - | - | (235,743) |
| Option issued | 12 | - | 23,500 | - | - | 23,500 |
| Shares issued in lieu of fees | | 30,000 | - | - | - | 30,000 |
| Performance shares converted | | 2,000,000 | (2,000,000) | - | - | - |
| Balance at 30 June 2020 | | 24,035,275 | 7,577,397 | (30,543,419) | - | 1,069,253 |
| Balance at 1 July 2020 | | 24,035,275 | 7,577,397 | (30,543,419) | - | 1,069,253 |
| Loss for the period | | - | - | (639,979) | - | (639,979) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive loss | | - | - | (639,979) | - | (639,979) |
| Shares issued | 11 | 4,375,000 | - | - | - | 4,375,000 |
| Shares issued – exercise of options | 11 | 120,000 | - | - | - | 120,000 |
| Share issue costs | 11 | (540,569) | - | - | - | (540,569) |
| Options issued | 12 | - | 435,143 | - | - | 435,143 |
| Balance at 30 June 2021 | | 27,989,706 | 8,012,540 | (31,183,398) | - | 4,818,848 |

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 2021

| | Note | Consolidated | |
|--|------|--------------------|------------------|
| | | 2021 \$ | 2020 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (187,233) | (467,574) |
| Exploration and evaluation expenditure | | (2,109,280) | (373,059) |
| Interest received | | 6,611 | 4,702 |
| Government incentive received | | 20,000 | - |
| Net cash (used in) operating activities | 15 | (2,269,902) | (835,931) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net cash (used in) provided by investing activities | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 11 | 2,600,000 | 1,595,232 |
| Payment of share issue costs | 11 | (126,926) | (235,743) |
| Exercise of options | 11 | 120,000 | - |
| Issue of options | | - | 17,500 |
| Net cash provided by financing activities | | 2,593,074 | 1,376,989 |
| Net increase / (decrease) in cash held | | 323,172 | 541,058 |
| Cash at beginning of financial period | | 670,040 | 128,982 |
| Cash at end of financial period | 6 | 993,212 | 670,040 |

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 "Group"). Victory Mines Limited is a public Company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 30 September 2021 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 the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Group incurred a loss for the year ended 30 June 2021 of \$639,979 (2020: \$471,211) and working capital of \$709,996 (2020: \$712,179).

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (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 diminishing value 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 accumulated losses.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Exploration and Evaluation Expenditure

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

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

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

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

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

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

Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. 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 to the statement of profit and loss and comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through profit or loss (FVPL);
- Equity instruments at fair value through other comprehensive income (FVOCI); and
- Debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (Continued)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139. There are no FVPL and FVOCI instruments for the group.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (Continued)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

g) 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.

h) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Current and Non-current Classification (Continued)

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

i) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Basic loss per share

Basic loss per share is determined by dividing the operating profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year

Diluted loss per share

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when it is received or when the right to receive payment is established. All revenue is stated net of the amount of goods and services tax (GST).

k) Borrowing Costs

All borrowing costs are recognised as expense in the period in which they are incurred, unless they relate to qualifying assets

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) 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, option schemes and other equity-settled share-based payments. The fair value of the equity and other equity-settled share based payments 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 and other equity-settled share-based payments are ascertained as the market bid price. The fair value of options and preference shares is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares, other equity-settled share-based payments 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.

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) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Segment Reporting (Continued)

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

p) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Critical Accounting Estimates and Judgments (continued)

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-Scholes option pricing model, or the quoted bid price where applicable.

q) New Accounting Standards that are Mandatorily Effective for Current Reporting Period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020. There was no material impact to Group accounting policies.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

Victory Mines Limited
ABN 39 151 900 855

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: INCOME TAX EXPENSE

| | Consolidated | |
|--|---------------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Reconciliation of income tax expense: | | |
| Loss from ordinary activities before income tax expense | (639,979) | (471,211) |
| Prima facie tax benefit on loss from ordinary activities before income tax at 26.0% (2020: 27.5%) | (166,395) | (129,583) |
| Increase in income tax due to: | | |
| Non-deductible expenses | 126,701 | 51,951 |
| Current period tax losses not recognised | 1,082,850 | 218,285 |
| Movement in unrecognised temporary differences | 295 | 15,265 |
| Decrease in income tax expense due to: | | |
| Deductible equity raising costs | (67,989) | (56,076) |
| Movement in unrecognised temporary differences | - | - |
| Other deductible expenses | (975,462) | (99,841) |
| Non-assessable income | - | - |
| Income tax attributable to operating loss | - | - |
| Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%: | | |
| Deductible temporary differences | (1,153,348) | (110,192) |
| Tax revenue losses | 5,552,091 | 4,469,241 |
| Tax capital losses | 128,510 | 128,510 |
| Total unrecognised deferred tax asset | 4,527,253 | 4,487,559 |

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2021 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.

Victory Mines Limited
ABN 39 151 900 855

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: REVENUE

| | Consolidated | |
|-----------------------|---------------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Interest income | 6,611 | 4,702 |
| Government incentives | 20,000 | - |

NOTE 4: EXPENSES

Administration expenses

| | | |
|---|----------------|----------------|
| Accounting and audit fees | 59,112 | 63,708 |
| Compliance fees | 82,902 | 56,749 |
| Promotion, marketing and public relations | 46,545 | (15,591) |
| Legal expenses | 52,169 | 9,129 |
| Other expenses | 47,466 | 21,554 |
| | 288,194 | 135,549 |

Corporate expenses

| | | |
|-----------------------|----------------|----------------|
| Consulting fees | 72,217 | 35,395 |
| Director remuneration | 117,482 | 121,287 |
| Employee expenses | 34,695 | 4,845 |
| Share Based payments | 146,500 | 6,000 |
| | 370,894 | 167,527 |

NOTE 5: EARNINGS PER SHARE

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| | \$ | \$ |
| Loss for the year | (639,979) | (471,211) |

| | Number | Number |
|---|---------------|---------------|
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 4,735,218,816 | 2,530,249,714 |

| | Cents | Cents |
|----------------------------------|--------------|--------------|
| Basic and diluted loss per share | (0.014) | (0.019) |

As the Company is in a loss position the options outstanding at 30 June 2021 have no dilutive effects on the earnings per share calculation.

Victory Mines Limited
ABN 39 151 900 855

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: CASH AND CASH EQUIVALENTS

| | Consolidated | |
|-----------------------|---------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Cash and cash at bank | 993,212 | 670,040 |
| | 993,212 | 670,040 |

NOTE 7: TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|-----------------|---------------------|---------------|
| | 2021 | 2020 |
| | \$ | \$ |
| GST receivables | 56,404 | 50,812 |
| Other debtors | 32,527 | 25,000 |
| | 88,931 | 75,812 |

NOTE 8: OTHER ASSETS

| | Consolidated | |
|---|---------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Prepayments | 19,612 | 28,097 |
| Cash held on trust for unmarketable parcels | - | 167,164 |
| | 19,612 | 195,261 |

NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

| | Consolidated | |
|--|---------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Exploration and evaluation – at cost | 4,108,852 | 357,074 |
| Carrying amount at the beginning of the year | 357,074 | 155,517 |
| Costs capitalised during the year | 3,751,778 | 363,059 |
| Costs impaired during the year ¹ | - | (161,502) |
| Carrying amount at the end of the year | 4,108,852 | 357,074 |

¹ During the financial year, the Company assessed its exploration projects for impairment in accordance with AASB 6 *Exploration and Evaluation of Mineral Resources* and determined an impairment loss of nil (2020: \$161,502).

The ultimate recoupment of deferred exploration and evaluation expenditure in respect of each area of interest is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternately sale of the underlying areas of interest for at least their carrying value.

Victory Mines Limited
ABN 39 151 900 855

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: TRADE AND OTHER PAYABLES

| | Consolidated | |
|-----------------------------------|---------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Trade creditors | 352,965 | 20,570 |
| Accruals | 38,794 | 40,697 |
| Unmarketable parcels ¹ | - | 167,667 |
| | 391,759 | 228,934 |

Trade creditors are expected to be paid on a 30-day term.

¹ On 22 May 2020, the company completed an unmarketable parcel to shareholders that held less than an unmarketable parcel (\$500). The shares were sold on market on 22 May 2020 and at 30 June 2020, the proceeds of \$167,667 were held in trust for those shareholders. The cash was paid out to those holders in the current financial year.

NOTE 11: ISSUED CAPITAL

| | 2021 | 2020 | 2021 | 2020 |
|----------------------------|---------------|---------------|-------------|-------------|
| | Number | Number | \$ | \$ |
| Fully paid ordinary shares | 5,568,252,771 | 3,131,321,491 | 27,989,706 | 24,035,275 |

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.

| | Number | \$ |
|--|----------------------|-------------------|
| Balance at 1 July 2019 | 1,363,232,174 | 20,645,786 |
| Rights issue | 1,595,232,174 | 1,595,232 |
| Shares issued for services rendered | 30,000,000 | 30,000 |
| Shares issued – performance shares converted to shares | 142,857,143 | 2,000,000 |
| Less: share issue costs | - | (235,743) |
| Balance as at 30 June 2020 | 3,131,321,491 | 24,035,275 |
| Capital raising | 1,350,000,000 | 2,475,000 |
| Shares issued for services rendered – external consultants | 80,000,000 | 125,000 |
| Shares issued – paid by directors | 50,000,000 | 125,000 |
| Shares issued – acquisition of 10% Coogee Gold Project | 500,000,000 | 500,000 |
| Shares issued – acquisition of Carmichael Prospecting Company | 75,000,000 | 150,000 |
| Shares issued - to Ramelius for acquisition of 90% of Coogee Project | 321,931,280 | 1,000,000 |
| Shares issued on exercise of options | 60,000,000 | 120,000 |
| Less: share issue costs | - | (540,569) |
| Balance as at 30 June 2021 | 5,568,252,771 | 27,989,706 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: ISSUED CAPITAL (CONTINUED)

Capital Risk Management

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

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

| | Consolidated | |
|-----------------------------|---------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Cash and cash equivalents | 993,212 | 670,040 |
| Trade and other receivables | 88,931 | 75,812 |
| Other assets | 19,612 | 195,261 |
| Trade and other payables | (391,759) | (228,934) |
| Working capital position | 709,996 | 712,179 |

NOTE 12: RESERVES

| | Consolidated | |
|--|---------------------|------------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Opening reserve balance at 1 July | 7,577,397 | 9,553,897 |
| Options issued during the year | 435,143 | 23,500 |
| Performance shares converted to shares | - | (2,000,000) |
| Closing reserve balance at 30 June | 8,012,540 | 7,577,397 |

2021

During the current year, 125,000,000 unlisted options exercisable at \$0.003 expiring on 31 December 2024 were issued to the Company's brokers in relation to a capital raise completed. The valuation was \$288,643. Refer to note 18 for valuation model inputs.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: RESERVES (CONTINUED)

Also, during the current year, 100,000,000 unlisted options exercisable at \$0.01 expiring on 30 November 2023 were issued to the directors and consultants to the Company. The valuation was \$146,500. Refer to note 18 for valuation model inputs.

During the year, 60,000,000 unlisted options exercisable at \$0.002 per option were exercised.

No options have been exercised between the end of the year and the date of this report.

Performance Rights

As at the date of this report, the Company has 200,000,000 Performance Rights on issue to Serena Minerals Limited. The shares are converted on the following milestones:

- (a) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 25,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of completion.
- (b) 100 million performance rights eligible for conversion to VIC shares upon the delineation of a 50,000 ounce JORC 2012 compliant inferred gold resource with a minimum cut-off grade of 1 gram per tonne within the Coogee Project area within 3 years of completion.

The performance milestones in relation to the performance rights were not met during the current period and activities have not yet reached a stage where the likelihood of achieving the milestones can be reliably determined.

Under the terms for the acquisition of the Bonaparte tenements acquired in 2018, the Company will issue Bonus Shares to the vendors on the achievement of the following performance milestones:

- 5,000,000 ordinary shares upon confirmation of a JORC probable reserve of 10m pounds at 10% copper or zinc or lead equivalent (Milestone 1); and
- 5,000,000 ordinary shares upon confirmation of a JORC probable reserve of 20m pounds at 10% copper or zinc or lead equivalent (Milestone 2).

The performance milestones in relation to the bonus shares were not met during the current period and activities have not yet reached a stage where the likelihood of achieving the milestones can be reliably determined.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: REMUNERATION OF KEY MANAGEMENT PERSONNEL

| | 2021 | 2020 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 162,000 | 111,870 |
| Post-employment benefits | 7,695 | 3,420 |
| Other long-term benefits | - | - |
| Share-based payments | 88,000 | 30,000 |
| | 257,695 | 145,290 |

NOTE 14: AUDITOR'S REMUNERATION

| | 2021 | 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| Auditing or reviewing the financial report | 25,512 | 27,393 |

NOTE 15: CASHFLOW INFORMATION

| | Consolidated | |
|--|---------------------|------------------|
| | 2021 | 2020 |
| | \$ | \$ |
| a) Reconciliation of Cash Flow from Operations with Loss after Income Tax | | |
| Loss after income tax | (639,979) | (471,211) |
| <i>Non-cash flows in loss</i> | | |
| Finance costs | | - |
| Share based payments | 146,500 | 36,000 |
| Other write-offs | - | 4,435 |
| Exploration expenditure impaired | - | 161,502 |
| Depreciation | - | 1,335 |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in trade and other receivables | (13,119) | (33,585) |
| (Increase) in other assets | 175,649 | (153,785) |
| (Increase) in exploration expenditure | (2,101,778) | (363,059) |
| (Decrease) in trade payables and accruals | 162,825 | (17,563) |
| Cashflow used in operations | (2,269,902) | (835,931) |

b) Non-Cash Financing and Investing Activities

2021

There are no non-cash financing activities for the year ended 30 June 2021, other than the shares issued for the acquisition of assets (refer to note 24) and payment of brokers fees via options issued (refer to note 18)

2020

There are no non-cash financing activities for the year ended 30 June 2020.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: RELATED PARTY TRANSACTIONS

| | 2021 | 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| <i>Transactions with Related Parties</i> | | |
| Lexcon Services Pty Ltd | 9,000 | 49,000 |
| A.C.P Investments Pty Ltd | - | 1,800 |
| Bennett & Co | 78,240 | 59,846 |
| Highwest Capital Pty Ltd – Rohan Dalziell | - | 15,000 |

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

| | 2021 | 2020 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| <i>Payable to Related Parties</i> | | |
| Bennett & Co | 1,671 | - |

NOTE 17: EVENTS AFTER REPORTING PERIOD

The following were subsequent events after the year end 30 June 2021:

Victory received firm commitments to complete a capital raising of \$2.5 million through the issue of 1,000,000,000 fully paid ordinary shares at \$0.0025 each, with an attaching option on a 1:4 basis exercisable @ \$0.003 expiring 31 December 2024.

982,000,000 fully paid shares and 245,500,000 attaching options were issued under the Company's existing ASX Listing Rule 7.1 and 7.1A placement capacity (ASX LR 7.1 - 425,174,723 Shares and 245,500,000 options, ASX LR 7.1A - 556,825,277 Shares).

VIC's directors have agreed to subscribe for the remaining 18,000,000 fully paid shares and 4,500,000 attaching options subject to shareholder approval under ASX Listing Rule 10.11.

Shaw & Partners received a 6% selling fee on the funds raised. In addition, Shaw & Partners will receive 250,000,000 options exercisable at \$0.003 per share on or before 31 December 2024 subject to shareholder approval under ASX Listing Rule 7.3.

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.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: SHARE BASED PAYMENTS AND OPTIONS ON ISSUE

2021

During the year ended 30 June 2021, 125,000,000 unlisted options exercisable at \$0.003 expiring on 31 December 2024 were issued to the Company's brokers in relation to a capital raise completed during the year. The value of the share based payments was \$288,643, which has been included in share issue costs at 30 June 2021. The valuation model inputs used in the Black-Scholes valuation model to determine the fair value at grant date are as follows:

| Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|---------------|------------------|-------------|----------------|---------------------|-------------------------|------------|
| 29 April 2021 | 31 December 2024 | \$0.003 | \$0.003 | 125% | 0.11% | \$0.0023 |

Also during the current year, 100,000,000 unlisted options exercisable at \$0.01 expiring on 30 November 2023 were issued to the directors and consultants to the Company. The value of the share based payments was \$146,500 for the year ended 30 June 2021. The valuation model inputs used in the Black-Scholes valuation model to determine the fair value at grant date are as follows:

| | Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|--------------------|-------------|-------------|-------------|----------------|---------------------|-------------------------|------------|
| Director Options | 27 Nov 2020 | 30 Nov 2023 | \$0.003 | \$0.01 | 125% | 0.11% | \$0.0016 |
| Consultant Options | 30 Nov 2020 | 30 Nov 2023 | \$0.0025 | \$0.01 | 125% | 0.11% | \$0.0013 |

The total options on issue at 30 June 2021 consist of the following classes:

| Expiry Date | Description | Exercise Price | Number |
|------------------|-------------|----------------|----------------------|
| 30 November 2023 | Unquoted | \$0.01 | 100,000,000 |
| 31 May 2022 | Unquoted | \$0.003 | 66,666,668 |
| 31 December 2024 | Unquoted | \$0.002 | 125,000,000 |
| 31 December 2024 | Unquoted | \$0.003 | 925,000,000 |
| | | | 1,216,666,668 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: SHARE BASED PAYMENTS AND OPTIONS ON ISSUE (CONTINUED)

Movements in options balance is as follows:

| | 2021 | 2020 |
|--|---------------|---------------|
| | Number | Number |
| Opening options balance at 1 July | 927,947,253 | 672,118,681 |
| Options issued during the year | 225,000,000 | 185,000,000 |
| Options issued free attaching | 800,000,000 | - |
| Options issued on conversion of performance shares | - | 71,428,572 |
| Options expired during the year | (676,280,585) | (600,000) |
| Options exercised during the period | (60,000,000) | - |
| Opening options balance at 30 June | 1,216,666,668 | 927,947,253 |

The weighted average exercise price of options outstanding as at 30 June 2021 was \$0.003 (2020: \$0.015).

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2021 was 3.3 years (2020: 1.4 years).

The weighted average fair value of options outstanding as at 30 June 2021 was \$0.0005 (2020: \$0.0021).

2020

During the year, 10,000,000 unlisted options were issued to the Company's Technical Consultant Rob Mosig. The Options are exercisable at \$0.002 and expiring on or before 20 December 2024.

| Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|-------------------|--------------------|--------------------|-----------------------|----------------------------|--------------------------------|-------------------|
| 30 June 2020 | 20 Dec 2024 | \$0.001 | \$0.002 | 100% | 1.10% | \$0.0006 |

During the year ended 30 June 2020, 175,000,000 unlisted options exercisable at \$0.002 per option expiring on 31 December 2024 were issued. The value of the share base payments was \$17,500 for the year ended 30 June 2020. The valuation model inputs used in the Black-Scholes valuation model to determine the fair value at grant date are as follows:

| Grant Date | Expiry Date | Share Price | Exercise Price | Expected Volatility | Risk-Free Interest Rate | Fair Value |
|-------------------|--------------------|--------------------|-----------------------|----------------------------|--------------------------------|-------------------|
| 20 December 2019 | 31 December 2020 | \$0.001 | \$0.002 | 100% | 1.10% | \$0.0001 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: COMMITMENTS

| | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| <i>Capital Commitments</i> | | |
| No longer than 12 months | 486,000 | 456,000 |
| Between 12 months and 5 years | 1,266,822 | 3,188,411 |
| Over 5 years | - | - |
| | 1,752,822 | 3,644,411 |

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.

NOTE 20: CONTINGENT LIABILITIES

On 14 November 2017, the Company announced that it had entered into a binding agreement to acquire 100% of the issued capital of Cobalt Prospecting Pty Ltd ('CPPL') subject to certain conditions precedent. As part of the Consideration terms at settlement, Victory is to grant 2% net smelter return royalty with respect to all minerals produced and sold from the four project areas.

In the opinion of the Directors, there were no other contingent assets or liabilities as at 30 June 2021.

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. The Group is managed on the basis of one geographical segment being Australia, and two business segments being mineral exploration and development and treasury.

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

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NOTES TO THE FINANCIAL STATEMENTS

| | Exploration Australia | Treasury | Total |
|------------------------------|--------------------------|----------|------------------|
| 2021 | \$ | \$ | \$ |
| <i>Segment Assets</i> | | | |
| Cash and cash equivalents | - | 993,212 | 993,212 |
| Exploration expenditure | 4,108,852 | - | 4,108,852 |
| <i>Unallocated</i> | | | |
| Trade and other receivables | - | - | 88,931 |
| Other assets | - | - | 19,612 |
| Total Assets | - | - | 5,210,607 |
| <i>Segment Liabilities</i> | | | |
| Trade and other payables | | | 391,759 |
| Total Liabilities | | | 391,759 |
| Segment revenue | - | 26,611 | 26,611 |
| Segment expenditure | (7,502) | - | (7,502) |
| <i>Unallocated</i> | | | |
| Administration expenses | | | (288,194) |
| Corporate expenses | | | (370,894) |
| Total loss before income tax | | | (639,979) |
| | | | |
| | Exploration Australia | Treasury | Total |
| 2020 | \$ | \$ | \$ |
| <i>Segment Assets</i> | | | |
| Cash and cash equivalents | - | 670,040 | 670,040 |
| Exploration expenditure | 357,074 | - | 357,074 |
| <i>Unallocated</i> | | | |
| Trade and other receivables | - | - | 75,812 |
| Other assets | - | - | 195,261 |
| Total Assets | - | - | 1,298,187 |
| <i>Segment Liabilities</i> | | | |
| Trade and other payables | | | 228,934 |
| Total Liabilities | | | 228,934 |
| Segment revenue | - | 4,702 | 4,702 |
| Segment expenditure | (171,502) | - | (171,502) |
| <i>Unallocated</i> | | | |
| Administration expenses | | | (135,549) |
| Corporate expenses | | | (167,527) |
| Depreciation | | | (1,335) |
| Total loss before income tax | | | (471,211) |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

Credit risk

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

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

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

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

Liquidity risk

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

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

Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

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. 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 Equity | | Change in Loss | |
|---|------------------|----------|----------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Increase in interest rate by 200 basis points | 19,864 | 13,400 | 19,864 | 13,400 |
| Decrease in interest rate by 200 basis points | (19,864) | (13,400) | (19,864) | (13,400) |

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 2021 | 30 June 2020 |
| Cobalt Prospecting Pty Ltd | Australia | Ordinary | 100% | 100% |
| Carmichael Prospecting Company Pty Ltd | Australia | Ordinary | 100% | 0% |

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: ASSET ACQUISITION

During the period, the Company acquired all the shares in Carmichael Prospecting Company Pty Ltd (CPC) in consideration of the issue of 75 million ordinary shares. The acquisition of CPC was approved by shareholders at the shareholder meeting on 14 August 2020 and completion occurred on 25 September 2020.

The acquisition has been accounted for as an asset acquisition as CPC is not an existing business, however has exploration tenements.

CPC has been granted tenement E45/5384, after entering into a Land Access and Mineral Exploration Agreement with the Western Desert Lands Aboriginal Corporation, representing the Native Title Holders for the area over which the tenement is located.

CPC also applied for and was granted an additional adjacent tenement - E45/5751. It is over 2 blocks to the southwest of E45/5384.

NOTE 25: PARENT INFORMATION

| | 2021 | 2020 |
|----------------------------|--------------|--------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | 1,067,789 | 914,676 |
| Non-Current Assets | 4,137,332 | 385,203 |
| TOTAL ASSETS | 5,205,121 | 1,299,879 |
| LIABILITIES | | |
| Current Liabilities | 383,793 | 228,495 |
| TOTAL LIABILITIES | 383,793 | 228,495 |
| NET ASSETS | 4,821,328 | 1,071,384 |
| EQUITY | | |
| Issued Capital | 27,989,706 | 24,035,275 |
| Reserve | 8,012,540 | 7,577,397 |
| Accumulated losses | (31,180,918) | (30,541,288) |
| TOTAL EQUITY | 4,821,328 | 1,071,384 |
| Loss for the year | (639,630) | (469,080) |
| Other comprehensive income | - | - |
| Total comprehensive income | (639,630) | (469,080) |

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.

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

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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 Group's financial position as at 30 June 2021 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. In the directors' opinion there are reasonable grounds to believe that the Company 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.



David Sanders
Non-Executive Chairman

Dated this 30 day of September 2021

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ASX ADDITIONAL INFORMATION - SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 15 September 2021.

1. Shareholding

a) Distribution of Shareholders

| <i>Holding Range</i> | <i>Number of Holders</i> | <i>Fully Paid Ordinary Shares</i> |
|----------------------|--------------------------|-----------------------------------|
| 1 - 1,000 | 42 | 5,413 |
| 1,001 – 5,000 | 5 | 22,700 |
| 5,001 – 10,000 | 2 | 16,262 |
| 10,001 – 100,000 | 80 | 6,041,319 |
| 100,001 + | 2,333 | 6,544,167,077 |
| Totals | 2,463 | 6,550,252,771 |

b) Listed Options

At the date of this report, the Company had 1,170,500,000 listed options exercisable at \$0.003 expiring on 31 December 2024.

c) Unmarketable Parcels

At \$0.002 per share, the minimum marketable holding size is 250,000. 525 shareholders hold less than this amount, collectively they hold 72,666,638 ordinary shares.

d) Top 20

The 20 largest shareholders hold 37.30% of the Company's ordinary shares.

e) Issued Capital

There are 6,550,252,771 shares on issue

f) Substantial shareholders (greater than 5%)

The substantial shareholder in the Company on 15 September 2021 are the following:

- Serena Holdings Limited holding 487,546,889 fully paid ordinary shares – 7.44%
- Ramelius Resources Limited holding 352,013,408 fully paid shares – 5.37%.

g) Voting Rights

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.

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ASX ADDITIONAL INFORMATION - SHAREHOLDER INFORMATION

h) Top 20 Holders (Ordinary Shares)

| Position | Holder Name | Holding | % IC |
|-----------------|--|----------------------|----------------|
| 1 | SERENA MINERALS LIMITED | 460,000,000 | 7.02% |
| 2 | RAMELIUS RESOURCES LIMITED | 321,931,280 | 4.91% |
| 3 | PARETO NOMINEES PTY LTD <THE DAMELLE A/C> | 267,342,900 | 4.08% |
| 4 | MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C> | 200,000,000 | 3.05% |
| 5 | DJ CARMICHAEL PTY LTD | 163,840,293 | 2.50% |
| 6 | RAMELIUS RESOURCES LTD | 120,328,511 | 1.84% |
| 7 | STRIKE DRILLING PTY LTD | 100,000,000 | 1.53% |
| 8 | MOUNT STREET INVESTMENTS PTY LTD <THE M J BLAKE S/F A/C> | 90,000,000 | 1.37% |
| 9 | BEIRNE TRADING PTY LTD | 80,947,468 | 1.24% |
| 10 | SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C> | 73,121,700 | 1.12% |
| 11 | HVVK INVESTMENTS PTY LTD | 60,000,000 | 0.92% |
| 12 | MRS JUDITH SUZANNE PIGGIN & MR DAMIEN JAYE PIGGIN & MR GLENN ADAM PIGGIN <PIGGIN FAMILY S/F A/C> | 50,000,000 | 0.76% |
| 13 | MR ADRIAN JAMES PORTELLI | 50,000,000 | 0.76% |
| 14 | MR MARK ANTHONY LEE | 41,042,166 | 0.63% |
| 15 | PARKRANGE NOMINEES PTY LTD | 40,000,000 | 0.61% |
| 16 | MR ZIYAN WANG | 40,000,000 | 0.61% |
| 17 | MR RUPERT JAMES GRAHAM LOWE | 40,000,000 | 0.61% |
| 18 | MR SCOTT MISON <THE SCOTT MISON FAMILY A/C> | 40,000,000 | 0.61% |
| 19 | DR SURESH ALPHONSE GREGORY SHENOY & MRS ELVIRA SHENOY | 38,000,000 | 0.58% |
| 20 | STRAT PLAN PTY LTD <DISC-STRAT PLAN A/C> | 34,971,441 | 0.53% |
| | Total | 2,443,532,474 | 37.30% |
| | Total issued capital – ordinary shares | 6,550,252,771 | 100.00% |

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ASX ADDITIONAL INFORMATION - SHAREHOLDER INFORMATION

i) Top 20 Holders (Listed Options)

| Position | Holder Name | Holding | % IC |
|----------|---|----------------------|----------------|
| 1 | MAINVIEW HOLDINGS PTY LTD | 75,000,000 | 6.41% |
| 2 | SHAW AND PARTNERS LIMITED | 62,500,000 | 5.34% |
| 3 | PARETO NOMINEES PTY LTD <THE DAMELLE A/C> | 51,250,000 | 4.38% |
| 4 | DJ CARMICHAEL PTY LTD | 50,000,000 | 4.27% |
| 5 | MR ROGER BLAKE MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C> | 50,000,000 | 4.27% |
| 6 | PARKHOUSE ENTERPRISES PTY LTD <THE TRIUMPH INVESTMENT A/C> | 40,000,000 | 3.42% |
| 7 | RAMELIUS RESOURCES LTD | 30,082,128 | 2.57% |
| 8 | MISS MARIA LISA MUSCA | 30,000,000 | 2.56% |
| 9 | SNOWBALL 3 PTY LTD <ANTONIO TORRESAN SUPER A/C> | 25,000,000 | 2.14% |
| 10 | MR ENZO BOSIO & MRS CAMILLA BOSIO | 25,000,000 | 2.14% |
| 11 | STRIKE DRILLING PTY LTD | 25,000,000 | 2.14% |
| 12 | RAVENHILL FINANCIAL SERVICES PTY LTD | 22,626,108 | 1.93% |
| 13 | MRS KRISTABEL ANNELI DEL PAGGIO <THE ROKDP A/C> | 22,000,000 | 1.88% |
| 14 | MR CHRISTOPHER LEONE CHARLES MUSCA | 20,000,000 | 1.71% |
| 15 | JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C> | 20,000,000 | 1.71% |
| 16 | SANCERRE HOLDINGS PTY LTD <SANCERRE INVESTMENT A/C> | 19,625,000 | 1.68% |
| 17 | MR STEVEN DI FULVIO <STEVEN DI FULVIO FAMILY A/C> | 17,000,000 | 1.45% |
| 18 | RAVENHILL CAPITAL PTY LTD | 15,000,000 | 1.28% |
| 19 | MR VIKING WAI KIN KWOK | 14,500,000 | 1.24% |
| 20 | GREGORY DENISE PTY LTD <GREGORY DENISE SUPER A/C> | 12,804,878 | 1.09% |
| | Total | 627,388,114 | 53.60% |
| | Total issued capital – listed options | 1,170,500,000 | 100.00% |

2. Unquoted Securities

The Company has following unquoted securities on issue as at 15 September 2021

| Number on Issue | Class | Number of Holders |
|-----------------|--|-------------------|
| 66,666,668 | Options exercisable at \$0.003 on or before 31 May 2022 | 5 |
| 125,000,000 | Unlisted Options exercisable at \$0.002 expiring on 20 December 2024 | 15 |
| 100,000,000 | Unlisted Options exercisable at \$0.01 expiring on 30 November 2023 | 6 |
| 100,000,000 | Performance Shares – Tranche 1 | 1 |
| 100,000,000 | Performance Shares – Tranche 2 | 1 |

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ASX ADDITIONAL INFORMATION - SHAREHOLDER INFORMATION

Holders over 20% in each unlisted class of securities

| Holder Name | Class | % held in class |
|---------------------------|---|------------------------|
| Xcel Capital Pty Ltd | Options exercisable at \$0.003 on or before 31 May 2022 | 35.00% |
| Mainview Holdings Pty Ltd | Options exercisable at \$0.003 on or before 31 May 2022 | 25.00% |
| Serena Minerals Limited | Performance Shares – Tranche 1 | 100.00% |
| Serena Minerals Limited | Performance Shares – Tranche 2 | 100.00% |

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ASX ADDITIONAL INFORMATION - SHAREHOLDER INFORMATION**TENEMENT SCHEDULE AS AT 30 JUNE 2021**

| Project Name | Location | Tenement Licence | Interest held at 30 June 2021 |
|-------------------------|-----------------|-------------------------|--|
| Bonaparte | WA | E80/4901 | 100% |
| Galah Well | WA | E29/1023 | 100% |
| Peperill Hill | WA | E29/1024 | 100% |
| Malamute | NSW | EL8667 | 100% |
| Husky | NSW | EL8666 | 100% |
| Coogee Gold Project | WA | M26/477 | 100% |
| Coogee Gold Project | WA | EL26/177 | 100% |
| Coogee Gold Project | WA | L26/264 | 100% |
| Coogee Gold Project | WA | L26/264 | 100% |
| Copper Mountain Project | WA | E45/5384 | 100% |
| Copper Mountain Project | WA | E45/5751 | 100% |
| Applications | | | |
| Coogee Gold Project | WA | E15/1815 | |
| Galah Well | WA | E29/1134 | |
| Galah Well | WA | E29/1135 | |
| Galah Well | WA | E29/1136 | |
| Galah Well | WA | E29/1137 | |
| Bonaparte | WA | E80/5644 | |
| Bonaparte | WA | E80/5569 | |