



VICTORY METALS LIMITED

(FORMERLY VICTORY GOLDFIELDS LIMITED)

ABN 12 124 279 750

ANNUAL

REPORT

30 JUNE 2023

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Corporate Directory

Directors

Mr Trevor John Matthews	Non-Executive Chairman
Mr Brendan James Clark	Executive Director
Mr James Timothy Bahen	Non-Executive Director

Joint Company Secretary

Mr James Timothy Bahen
Mr Robert Featherby

Principal Place of Business

Suite 1
295 Rokeby Road
Subiaco WA 6008

Registered Office

Suite 1
295 Rokeby Road
Subiaco WA 6008
Telephone: +61 6555 2950

Share Registry

Computershare Investor Services
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Auditors

BDO Audit Pty Ltd
Level 10
12 Creek Street
Brisbane QLD 4000

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)

ACN 124 279 750

Annual Report for the Year Ended 30 June 2023

Directors Report

Your directors present their report on Victory Metals Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2023.



Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

Mr Trevor Matthews	Non-Executive Chairman
Mr Brendan Clark	Executive Director
Mr James Bahen	Non-Executive Director & Joint Company Secretary

Principal Activities

During the financial year, the principal activity of the Company is focused upon the exploration and development of its North Stanmore Rare Earth Element Project within the portfolio of underexplored and contiguous tenements in the Cue goldfields of Western Australia, being the Victory Tenements.

Dividend Paid

No dividend from current year operations has been paid or is proposed to be paid in relation to the year ended 30 June 2023 (Nil:2022).

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$1,260,371 (30 June 2022: \$3,971,295).

North Stanmore Rare Earth Element Project

The Company completed a 16,383m air core drilling program during the year at the Company's North Stanmore REE project ('North Stanmore' or the 'Project') with all assays received supporting the release subsequent to the end of the period of an initial Inferred Mineral Resource of 250Mt at 520ppm Total Rare Earth Oxide ('TREYO'), containing 130,000t of TREYO. North Stanmore contains HREO/TREO ratios of 33%, and significant ratios of Dysprosium and Terbium (DyTb) totaling 3.6% TREYO. The size and quality of the North Stanmore REE Project positions Victory at the forefront of the ionic and regolith REE industry in Australia.

The North Stanmore REE Project is located ~10 km from the Cue township in Western Australia, which is accessible by one of Australia's major arterial networks, the Great Northern Highway. The project is known for hosting exceptional grades of Dy and Tb, which are highly sought after in the current rare earth market. Additionally, the project has high heavy rare earth ratios, further adding to its economic potential. The proximity of the project to the Cue township provides convenient access to infrastructure and support services.

The North Stanmore REE Project represents a premium discovery in Australia due to its logistical advantages, high metallurgical recoveries, high ratios of heavy rare earth elements (HREO/TREYO), feed grade beneficiation upside and favourable tenement holding conditions from being situated on Crown land.

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Mineral Resource Estimate Summary

A total Inferred Mineral Resource for the North Stanmore Project of ~250Mt of REE-bearing saprolite at 520ppm TREYO for 130,000t on contained TREYO has been estimated by geological consultants, RSC Consulting Ltd ("RSC"), using a cut-off grade of 400ppm TREYO (Table 1 and Table 2).

Table 1: North Stanmore Inferred Mineral Resource summary for TREYO, MREO, HREO and NdPr.

	Cut-off (TREYO ppm)	Mt	TREYO (ppm)	MREO (ppm)	HREO (ppm)	NdPr (ppm)	TREYO (t)
Inferred	400	250	520	110	170	90	130,000

Notes:

1. Mineral Resource is classified in accordance with the JORC Code (2012).
2. Estimates are rounded to reflect the level of confidence in the Mineral Resources at the time of reporting.

Table 2: North Stanmore Inferred Mineral Resource individual REO grades.¹

	La ₂ O ₃ (ppm)	CeO ₂ (ppm)	Pr ₆ O ₁₁ (ppm)	Nd ₂ O ₃ (ppm)	Sm ₂ O ₃ (ppm)	Eu ₂ O ₃ (ppm)	Gd ₂ O ₃ (ppm)	Tb ₄ O ₇ (ppm)	Dy ₂ O ₃ (ppm)	Ho ₂ O ₃ (ppm)	Er ₂ O ₃ (ppm)	Tm ₂ O ₃ (ppm)	Yb ₂ O ₃ (ppm)	Lu ₂ O ₃ (ppm)	Y ₂ O ₃ (ppm)
Inferred	80	160	20	70	10	5	10	2	20	3	10	1	9	1	110

Notes:

1. Reported above a 400 ppm TREYO cut-off. TREYO (Total Rare Earth Oxide including yttrium) = La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.
2. Estimates are rounded to reflect the level of confidence in the Mineral Resources at the time of reporting. Differences may occur in totals due to rounding.

Table 3: North Stanmore Inferred Mineral Resource summary for TREYO, MREO, HREO and NdPr presented at various TREYO cut-off grades.

	Cut-off (TREYO ppm)	Mt	TREYO (ppm)	MREO (ppm)	HREO (ppm)	NdPr (ppm)	TREYO (t)
Inferred	300	306	490	100	160	85	150,000
Inferred	400	250	520	110	170	90	130,000
Inferred	500	127	590	130	200	105	75,000

Notes:

1. Reported at various cut-off grades as specified.
2. Estimates are rounded to reflect the level of confidence in the Mineral Resource at the time of reporting. Differences may occur in totals due to rounding.

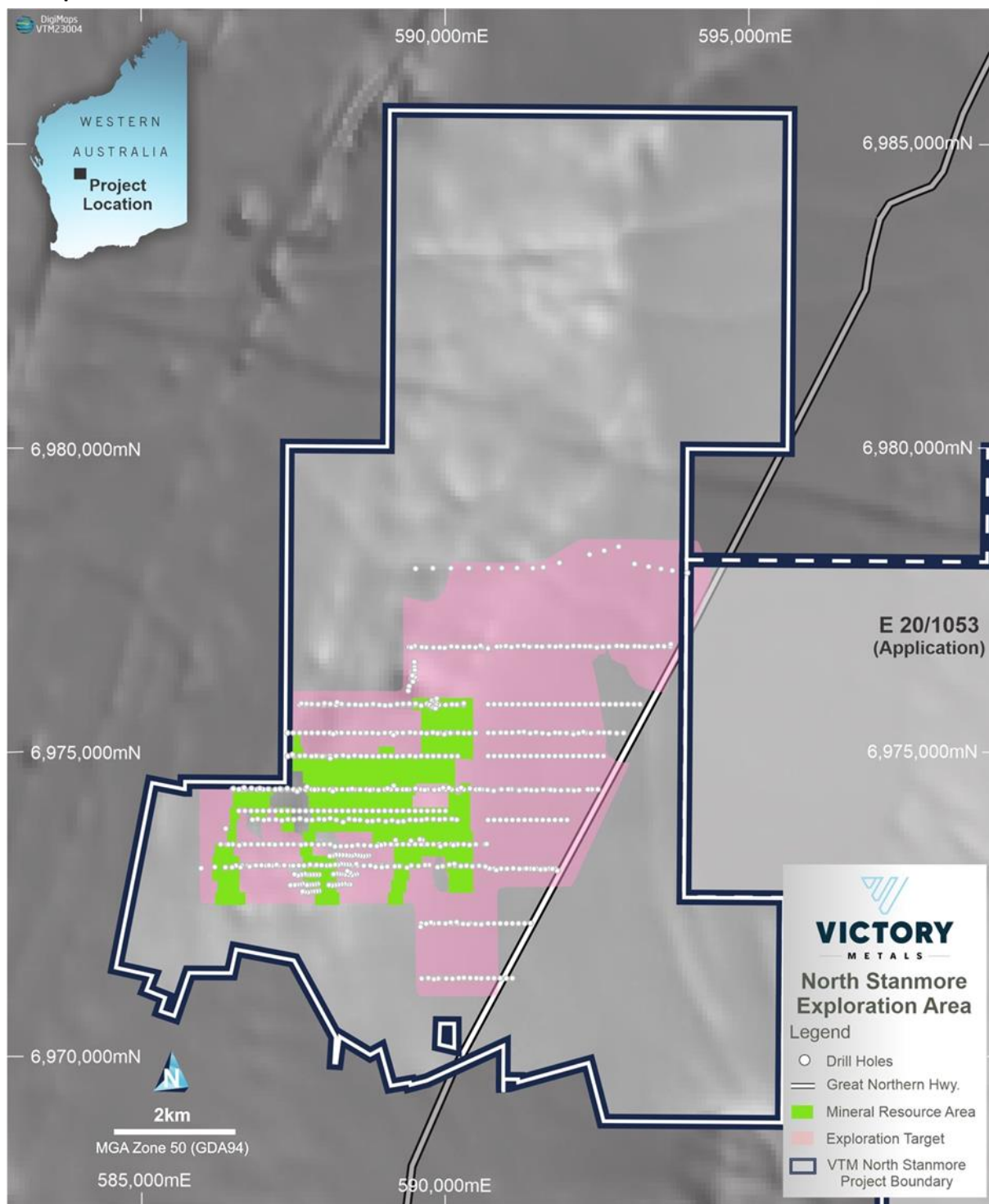


Figure 1: Map showing Victory Metals' 100% owned North Stanmore tenement package and pending tenements, with the MRE and exploration target areas highlighted.

Exploration Target

An Exploration Target of 700–1,100Mt at a grade range of 300–500ppm TREYO, representing the potential extension of North Stanmore, has also been estimated by RSC (Table 4). The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration completed to estimate a mineral resource estimate and it is uncertain if further exploration will result in the estimation of further Mineral Resources at North Stanmore.

The Exploration Target is based on Exploration Results that have been previously reported, including assays from a mix of air core ('AC') and reverse circulation ('RC') drillholes. Drill hole spacing varies, but the widest, regular spacing is 250 m x 1,250 m (Figure 1).

The Exploration Target was estimated within a 150 ppm TREYO grade shell, restricted within the saprolite layer. A density of 2 g/cm³ was assumed for the density of the saprolite. Drill hole spacing varies across the Exploration Target and therefore weighted averages were used to estimate the TREYO grade.

Table 4: North Stanmore Exploration Target.

	TREYO Grade (range) ppm	Tonnage (range) Mt
Exploration Target	300–500	700–1,100

Metallurgical Testwork Provided Excellent Recoveries

Victory received initial leach test results from metallurgical test work on samples from the North Stanmore REE Project.

The maiden metallurgical testwork results were received from a total of 6 representative samples collected from across the project area with results confirming exceptional heavy rare earth element (“HREE”) leachability at North Stanmore. Positive extraction of HREE was the focus over light rare earth element (“LREE”) from this maiden metallurgical program, with significant recoveries reported of up to 63.6% Lutetium (“Lu”), 60% Dysprosium (“Dy”) and 58% Terbium (“Tb”), being critical and very valuable REE. The high recoveries were achieved economically by leaching using low-cost combined ammonia sulphate (NH₄)₂SO₄ and weak sulphuric acid H₂SO₄, at 50°C and low leach times.

Importantly, the metal recoveries indicate a significant proportion of REE are ionically adsorbed clays, confirming North Stanmore as a deep “fossil” ionically adsorption clay mineral system that preserves an enrichment profile in the regolith. The presence of 20-50 micron size grains of REE phosphate minerals identified which could be relict from the REE rich source lithology and warrant further investigation.

The initial leach test results from metallurgical test work forms part of an ongoing metallurgical program being undertaken for Victory by Core Resources (“Core”). Core, an expert Metallurgical Project Development firm based in Brisbane Australia, provides services covering all aspects of metallurgical testing, process engineering, flowsheet development and site support services for the global mining industry.

The Company received further metallurgical test results using diagnostic test methods on composite drill samples from the North Stanmore REE Project. Testwork demonstrated improved recoveries from the earlier testwork including Light Rare Earth Elements (LREE) up to 78% Neodymium (Nd) and 76% Praseodymium (Pr) and Heavy Rare Earth Elements (HREE) with up to 79% (Dy) and 80% (Tb).

The further metallurgical results were received from two composite samples prepared from 12 representative samples collected from across the Project area. The results have identified the process conditions required to produce very high LREE and HREE yields at North Stanmore.

Rare Earth Feed Grades Increased by up to 148%

Beneficiation metallurgical results were received from a total of 31 AC drill samples, obtained within the JORC Resource modelling area, which were combined into ten metallurgical composites representing various geometallurgical domains for testwork.

Metallurgical beneficiation testwork shows North Stanmore clay samples are highly amenable to upstream beneficiation, which has the potential to significantly reduce downstream processing costs and capital costs per product tonne.

Average TREYO feed grade across 31 samples increased from 1308 ppm to 2192 ppm through rejecting +20 µm coarse material. Size by assay analysis shows that up to 70% of rare earths are hosted in the fine -20 µm size fraction, in as low as 28% of the total mass.

Beneficiation testwork on a composite of 31 samples from within the pending initial JORC Mineral Resource Estimate area shows rejecting the +20 µm coarse fraction results in an average REE upgrade of 68%, with corresponding REE recovery of 58% and mass rejection of 66%. Stage 2 metallurgical testwork program is well underway which includes flow sheet design and to produce a mixed rare earth carbonate (MREC) as the end product.

Tenement acquisitions E20/971, P20/2345 and P20/2346

The Company made two separate acquisition of tenements which increased the exploration area at North Stanmore to approximately 118.5km²

Large scale tenement E20/971 is located directly north of the Company’s North Stanmore REE Project and is approximately 46.5km² and

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Directors Report

consists of 15 blocks. Victory acquired 100% of tenement E20/971 for 238,000 fully paid ordinary shares in the Company.

Tenements P20/2345 and P20/2346 are situated on the southern border of the North Stanmore REE Project and border Victory's granted tenements E20/1016 to the north and east, and P20/2402 situated on the west. Victory acquired 100% of the two tenements for 150,000 fully paid Victory ordinary shares and 66,666 unlisted options exercisable at \$0.30 within two years from the issue date. The vendor will also retain a 1% NSR royalty from the sale of any mineral mined and processed from the royalty area by or on behalf of Victory.

Corporate

Change of Company Name

The Company formally changed its name from 'Victory Goldfields Ltd' to 'Victory Metals Ltd' following Shareholder approval. The name change was completed by the Australian Securities and Investment Commission and took effect on the ASX from commencement of trading on Thursday, 24 November 2022, at which time the ASX code migrated to VTM.

Successful \$2M and \$3M Placement

On 21 September 2022, Victory completed a Placement to raise \$2,000,000 (before costs) through the issue of 10,000,000 fully paid ordinary shares at \$0.20 per share plus 5,000,000 unlisted options with an exercise price of \$0.30 and a maturity date of 24 months from the date of issue (each investor received one option for every two shares subscribed for under the Placement).

On 16 May 2023, Victory completed a Placement to raise \$3,000,000 (before costs) through the issue of 12,500,000 fully paid ordinary shares at \$0.24 per share plus 4,166,667 unlisted options with an exercise price of \$0.30 and a maturity date of 11 November 2024 (each investor received one option for every three shares subscribed for under the Placement).

CEO Provided Further Funding

Company CEO and Executive Director, Mr Brendan Clark, exercised 1,096,362 unlisted options at a price of \$0.20 each to contribute \$219,272 to the working capital of the Company during the year.

Annual Report – ASX Announcements

The Annual Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Report can be found in the following announcements lodged on the ASX:

28/08/2023	Investor Presentation
10/08/2023	Investor Webinar - Rare Earth Elements
4/08/2023	Notification of cessation of securities
4/08/2023	Change of Director's Interest Notice x 3
2/08/2023	NORTH STANMORE INITIAL MINERAL RESOURCE ESTIMATE
31/07/2023	Trading Halt
21/07/2023	ADDITIONAL FUNDING, HERITAGE SURVEY & JORC RESOURCE
18/07/2023	Quarterly Activities/Appendix 5B Cash Flow Report
11/07/2023	Expiry of Escrow Securities
7/07/2023	Change of Director's Interest Notice - JB
7/07/2023	Change of Director's Interest Notice - BC
7/07/2023	Change of Director's Interest Notice - TM
6/07/2023	Results of Meeting
6/07/2023	RARE EARTH FEED GRADES INCREASED BY UP TO 148%
26/06/2023	Change of Director's Interest Notice
26/06/2023	CEO PROVIDES FURTHER FUNDING DEMONSTRATING STRONG SUPPORT
3/06/2023	FOLLOW UP MET TESTWORK PROVIDES EXCELLENT RECOVERIES
2/06/2023	Letter to Shareholders
2/06/2023	Notice of General Meeting/Proxy Form
16/05/2023	Investor Webinar
15/05/2023	RC DRILLING ASSAYS COMPLETED WITH HIGH CONTENT OF HEAVY REE
10/05/2023	Successful \$3M Placement to Advance REE Project
8/05/2023	Trading Halt
1/05/2023	VTM - Investor Presentation

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1/05/2023	EXCEPTIONAL RECOVERIES OF CRITICAL HEAVY RARE EARTH ELEMENTS
28/04/2023	Quarterly Activities/Appendix 5B Cash Flow Report
17/04/2023	RC Drilling Confirms HREE Mineralisation
6/04/2023	VICTORY EXPANDS RARE EARTH ELEMENT EXPLORATION AREA
28/03/2023	VICTORY INCREASES EXPLORATION AREA AT NORTH STANMORE
28/03/2023	Deal to Divest Selected Cue Tenements
1/03/2023	Half Yearly Report and Accounts
13/03/2023	Rare Earth Element Footprint Confirmed
27/02/2023	High Grade REEs in Basement Rock below Clay Hosted REE
13/02/2023	1.08% High Grade TREO Assay from recent RC Drilling
10/02/2023	Trading Halt
25/01/2023	Quarterly Activities/Appendix 5B Cash Flow Report opens
16/01/2023	HIGH GRADE RARE EARTH EXTENSION CONFIRMED BY ASSAYS
20/12/2022	Latest Assays Strengthen Victorys REE Discovery
23/11/2022	Change of Company Name
22/11/2022	Positive P-XRF Observations in Current Drilling
17/11/2022	Follow up Drilling to Commence at the Alkaline Intrusion
15/11/2022	Retraction of Statement
15/11/2022	Assays Confirm High Grade Ionic Clay REE Extension
11/11/2022	Change of Director's Interest Notice
9/11/2022	Results of Meeting
31/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report
13/10/2022	Cleansing Statement
11/10/2022	North Stanmore Exploration and Drilling Update
7/10/2022	Notice of Annual General Meeting/Proxy Form
4/10/2022	Change in substantial holding
29/09/2022	Appendix 4G and Corporate Governance Statement
29/09/2022	Annual Report to shareholders opens
29/09/2022	Cleansing Statement opens
21/09/2022	Strong Demand for Placement to Advance REE Exploration
20/09/2022	Trading Halt
19/09/2022	Rare Earth System Emerging 3km From Existing Discovery
16/09/2022	Date of AGM and Closing Date for Director Nominations
13/09/2022	9,000M AIRCORE DRILLING PROGRAM TO COMMENCE
6/09/2022	Widespread Rare Earth Element System Confirmed
2/09/2022	Trading Halt
31/08/2022	Strategic Tenement Adjoining REE Discovery
10/08/2022	Major Alkaline Igneous Complex Discovered
29/07/2022	Quarterly Activities/Appendix 5B Cash Flow Report
20/07/2022	HIGH VALUE CRITICAL RARE EARTH ELEMENT DISCOVERY

These announcements are available for viewing on the Company's website www.victorymetalsaustralia.com. Victory confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

Competent Person Statement

Competent Person Statements

Mr Louis Fourie

The information in this ASX release that relates to Exploration Targets and Mineral Resources is based on information compiled under the supervision of Mr Louis Fourie. Mr Fourie is a licenced Professional Geoscientist registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time. Mr Fourie is Owner and Principal of Terra Modelling Services, and a Principal Resource Consultant at RSC. The full nature of the relationship between Mr Fourie and Victory Metals Ltd has been disclosed. Mr Fourie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity of resource estimation and exploration targeting to qualify as a Competent Person, as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fourie consents to the inclusion in the release of the matters based on this information in the form and context in which it appears.

Professor Ken Collerson

The information in this ASX announcement that relates to Exploration Results are based on information compiled and evaluated by Professor Ken Collerson. Professor Collerson (PhD) is Owner and Principal of KDC Geo Consulting and a Fellow of the Australasian Institute

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of Mining and Metallurgy (AusIMM). The full nature of the relationship between Prof Collerson and Victory Metals Ltd has been disclosed. Professor Collerson is a geochemist/geologist with sufficient relevant experience in relation to rare earth element geochemistry, critical metal mineralisation and REE systematics given in core metallurgical data summaries, that are being reported on, to qualify as a Competent Person, as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Professor Collerson consents to the inclusion in the release of matters based on this 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 original market announcements in relation to the Exploration Results. The Company confirms that the form and context in which the competent persons findings are presented have not been materially modified from the original announcements.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements in relation to the exploration results. The Company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement.

Significant Changes in State of Affairs

Other than as described in the Review of Operations above, there were no significant changes in the state of affairs of the Group during the financial year.

Material business risks

The proposed future activities of the Consolidated Entity are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the directors and management of the Company and cannot be mitigated. An investment in the Company is not risk free and should be considered speculative.

This section provides a non-exhaustive list of the risks faced by the Consolidated Entity or by investors in the Company. The risks should be considered in connection with forward looking statements in this Annual Report. Actual events may be materially different to those described and may therefore affect the Consolidated Entity in a different way.

Investors should be aware that the performance of the Consolidated Entity may be affected by these risk factors and the value of its Shares may rise or fall over any given period. None of the directors or any person associated with the Consolidated Entity guarantee the Consolidated Entity's performance.

Business risks

Mitigating actions

Exploration and evaluation

- Geological, exploration and development: The exploration, development and mining of mineral resources is a high risk, high-cost exercise with no certainty of confirming economic viability of projects with high risk of project delays and unforeseen geological challenges.
- Market Volatility, there are risks associated with fluctuations in rare earth element prices, market demand and global economic conditions. These factors could impact the Company's financial performance and stability.
- The Company has announced a large inferred REE MRE (250M tonnes@520ppm) and significantly larger exploration target. Further exploration to increase the resource grade, higher confidence resource categories and increased MRE tonnes is planned.
- Following MRE updates, further metallurgical testwork and understanding of the REE concentrate product grade and marketability, the Company will undertake studies and target the North Stanmore project to be in the lowest cost quartile/highest margin quartile for REE producers based on its simple mining and low strip ratio, metallurgical performance including simple processing flowsheet, locational and logistics benefits, high value REE mix and scale. Low cost and high margin projects survive through low prices and difficult macroeconomic conditions.

Business risks

Mitigating actions

Human Resources and Occupational Health and Safety

- New operational commodity and lack of experience: The exploration and development of clay-hosted REE minerals is an emerging industry in Australia and there may be a lack of suitably trained professionals to conduct such activities.
- Hazardous activities: The Company's exploration and evaluation activities may be hazardous, with potential to cause illness or injury.

- Strong human resources and employee relations framework.
- Competitive remuneration structure focused on attracting diverse, engaged and suitably qualified employees and consultants.
- Retention of staff through contemporary HR practices and performance management systems that make the Company a first choice employer.
- The nascent industry is advancing and progressively developing Australian-based knowledge and skills.
- Industry standard safety management system.
- Embedded safety culture.
- Regular review of safety management system.

Finance

- The need to fund exploration and evaluation activities. Future funding risk: Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets.
- Due to rare earth elements typically being traded in USD, there are risks associated with currency fluctuations and foreign exchange rate exposure. This could potentially have impact on revenues, costs or probability.

- The Company will need to source equity funding for continued exploration and evaluation prior to accessing equity and debt markets to undertake development funding. Any additional equity financing may be dilutive to Shareholders, as pricing of the Company's shares are dependent on endogenous and exogenous outcomes.
- There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

Regulatory Approvals and Social Licence to Operate

- The Company's exploration activities and major projects depend on receipt of regulatory approvals (e.g. tenure, environmental licences and permits, heritage approvals, etc). There is a risk that required approvals may be delayed or declined.
- Maintenance of positive relationships with stakeholders and the community, particularly traditional owners, is important in ensuring The Company retains its social licence to operate.
- Potential risks arising from changes in government regulations, policies, or environmental standards that may affect the extraction, processing or export of rare earth elements. Such changes may impact the Company's operations, costs or market access.

- The Company will engage expert consultants to undertake required baseline environmental assessments and to prepare major approval application documents to ensure it meets regulatory requirements. The North Stanmore Project benefits from low levels of radioactive elements relative to most other REE projects.
- The Company considers potential environmental impacts as a key factor in it project design and evaluation and will ensure impacts are reduced to as low as reasonably practicable.
- The Company has engaged legal support and specialised services for the negotiation and preparation of Land Access Agreements with Traditional Owners, to ensure we obtain prior and informed consent for our activities.
- The Company will develop and implement a Stakeholder Engagement Plan to enable positive engagement with our stakeholders to ensure we retain our social licence to operate.

Business risks

Mitigating actions

Changes in Federal and State Regulations

- Changes in Federal or State Government policies or legislation may impact royalties, tenure, land access and labour relations.

- The Board regularly assesses developments in State and Federal legislation and policies and regularly engages with Government Departments.

Climate Risk

- The emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage.

- While the Company will seek to manage such risk as and when they arise, there can be no guarantee that the Company will be able to do so in a cost effective manner, if at all.

Significant Changes in State of Affairs

Other than as described in the Review of Operations above, there were no significant changes in the state of affairs of the Group during the financial year.

Events After the Reporting Date

Subsequent to year end the Company held its general meeting on 6 July 2023 and approved the issue of 3,500,000 performance rights to Directors and consultants and 4,166,667 broker options with an exercise price of \$0.30.

Subsequent to year end 4,476,138 unlisted options was converted at a price of \$0.20, contributing \$895,227, before costs.

There are no other matters or circumstances which have arisen since year end which significantly affected or may significantly affect the operations of the company, results of those operations, or the state of the affairs of the entity in subsequent periods.

Future Developments

Further information, other than as disclosed the Directors' 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.

Information on Directors

The following persons were directors of the Company during the year ended 30 June 2023 and up to the date of this report:

Mr Trevor Matthews Non-Executive Chairman

Mr Trevor Matthews has an accounting and finance background with over thirty (30) years' experience in the resources industry including roles with diversified resources companies North and WMC Resources in executive-level positions. His current role is managing director for Volt Resources Ltd with his two (2) previous roles as managing director for MZI Resources (2012-16) and Murchison Metals (2005-12). During his career Mr Matthews has gained considerable experience managing many nascent greenfields resource projects through to production. Consequently, he has extensive executive management experience of feasibility studies, project planning/development, coordination and leveraging capital markets effectively to secure the appropriate mix of debt/equity funding, to successfully develop a mining project.

Mr Matthews has a Bachelor of Commerce degree from the University of Western Australia and a post-graduate Diploma in Applied Finance and Investment.

Other current directorships of listed public companies: Resource Mining Corporation Limited (appointed 22 November 2022)
Former directorships in last three years: Volt Resources Limited (appointed 1 May 2020 resigned 28 June 2023)

Special responsibilities: Nil

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Interests in shares and options

2,081,736 ordinary shares
2,629,696 options over ordinary shares
1,000,000 performance rights
878,059 performance shares

Mr Brendan Clark Executive Director

Mr Brendan Clark is a Western Australian born entrepreneur and philanthropist who commenced his career in real estate and property development. After commercial success at a young age, he relocated to Zambia in 2013 to dedicate his time to his charity, Health Hope Zambia, by developing the country's largest malnutrition hospital and the country's largest not-for-profit ambulance and mobile medical clinic service.

He is the chief executive officer and co-founder of several Zambian based mining development and exploration companies which have a range of projects from reprocessing high-grade copper and cobalt tailings ore to large scale exploration for base and precious metals.

Other current directorships of listed public companies: Nil

Former directorships in last three years: Nil

Special responsibilities: Nil

Interests in shares and options

2,817,110 ordinary shares
1,533,333 options over ordinary shares
878,059 performance shares
1,500,000 performance rights

Mr James Bahen Non-Executive Director

Mr James Bahen director and equity partner of SmallCap Corporate and chartered secretary who commenced his career in audit and assurance with an international chartered accounting firm. Mr Bahen is currently a non-executive director and company secretary to a number of ASX-listed companies and has a broad range of corporate governance and capital markets experience, having been involved with public company listings, mergers and acquisitions transactions and capital raisings for ASX-listed companies across the resource industry.

Mr Bahen is a member of the Governance Institute of Australia and holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in accounting and finance.

Other current directorships of listed public companies: Cosmos Exploration Limited (appointed 17 August 2021)

Former directorships in last three years: Minrex Resources Limited and UUV Aquabotix Limited

Special responsibilities: Joint Company Secretary

Interests in shares and options

50,000 ordinary shares
1,533,333 options over ordinary shares
1,000,000 performances Rights

Mr Robert Featherby Joint Company Secretary

Mr Featherby is a Corporate Advisory Executive who holds a Bachelor of Commerce Degree majoring in Finance and Economics. Mr Featherby has an extensive number of years' experience in the finance industry, most recently spending 4 years in London working at a leading investment research provider in the private equity sector.

Meetings of Directors

The number of directors' meetings held during the financial year and the number of meetings attended by each director is:

Director	Number Eligible to Attend	Meetings Attended
Trevor Matthews	8	7
Brendan Clark	8	8
James Bahen	8	8

The Company does not have a formally constituted audit committee as the board considers that the Company's size and type of operation do not warrant such a committee.

Indemnification of officers and auditors

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration is included on page 36 of the Annual Report.

Remuneration Report (Audited)

Remuneration of Directors and Officers

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Key Management Personnel for the financial year ended 30 June 2023.

This report outlines the remuneration arrangements in place for Directors and other key management personnel of the Company.

Directors

Mr Trevor Matthews	Non-Executive Chairman	(Appointed 22 July 2021)
Mr Brendan Clark	Executive Director	(Appointed 22 July 2021)
Mr James Bahen	Non-Executive Director	(Appointed 22 July 2021)
Mr Stephen Hewitt-Dutton	Non-Executive Director	(Appointed 16 August 2017; Resigned 22 July 2021)
Mr John Gilfillan	Non-Executive Director	(Appointed 6 November 2020; Resigned 22 July 2021)
Mr Simon Whybrow	Non-Executive Director	(Appointed 22 October 2020; Resigned 22 July 2021)

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)

ACN 124 279 750

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Directors Report

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The Directors shall be paid out of the funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company, to be divided among themselves and in default of agreement then in equal shares. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase shall have been given to Members in the notice convening the meeting. No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or a commission on or a percentage of operating revenue, and no Executive Director shall be paid as whole or part of his remuneration a commission on or percentage of operating revenue.

Remuneration Governance

Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high-quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

Non-Executive Director Remuneration

The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

The aggregate remuneration for all Non-Executive Directors has been set at an amount of \$500,000 per annum by the Directors.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

No bonuses were declared or paid to the Directors during the year (2022:NIL).

Executive Remuneration

There were no executive employees during the year.

Details of remuneration for the year ended 30 June 2023

	<i>Trevor Matthews</i>	<i>Brendan Clark</i>	<i>James Bahen</i>	<i>John Gilfillan</i>	<i>Simon Whybrow</i>	<i>Stephen Hewitt- Dutton</i>	<i>Total</i>
2023	\$	\$	\$	\$	\$	\$	\$
Short-term benefits							
Cash salary and fees	65,000	101,705	39,420	-	-	-	206,125
Post-Employment Benefits							
Pension & Superannuation	-	-	-	-	-	-	-
Long-term benefits							
Annual and long service leave	-	-	-	-	-	-	-
Share-based payments	22,108	31,300	22,108	-	-	-	75,516
Total	87,108	133,005	61,528	-	-	-	281,641
% Performance based Remuneration	25%	24%	36%	-%	-%	-%	27%

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)

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Directors Report



2022	Trevor Matthews \$	Brendan Clark \$	James Bahen \$	John Gilfillan \$	Simon Whybrow \$	Stephen Hewitt-Dutton \$	Total \$
Short-term benefits							
Cash salary and fees	130,165	46,022	36,135	-	-	-	212,322
Post-Employment Benefits							
Pension & Superannuation	-	-	-	-	-	-	-
Long-term benefits							
Annual and long service leave	-	-	-	-	-	-	-
Share-based payments	212,357	138,031	138,031	-	-	-	488,419
Total	342,522	184,053	174,166	-	-	-	700,741
% Performance based Remuneration	62%	75%	79%	-%	-%	-%	70%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Trevor Matthews
Title:	Non-Executive Chairman
Agreement commenced:	1 April 2022 with an option to extend every 12 months at each anniversary date
Agreement concluded:	
Details:	Base consultancy fees per annum of \$60,000 + GST. 2-month termination notice by mutual consent, no notice period by the consultant provided they step down as Executive Chairman of the company, non-solicitation and non-compete clauses. Trevor is eligible to receive equity based remuneration.
Name:	Brendan Clark
Title:	Executive Director and CEO
Agreement commenced:	1 April 2022 and amended on 28 March 2023
Term of agreement:	-
Details:	Base consultancy fees per annum of \$200,000 + GST, performance rights consisting of the following: 250,000 of the Company's existing Class A Performance Rights (vesting on the 20-day VWAP of the Company's shares reaching \$0.30) and 250,000 of the Company's existing Class B Performance Rights (vesting on the 20-day VWAP of the Company's shares reaching \$0.50). As at the date of this report the Board are still to determine the final terms and conditions of the Performance Rights, subject to shareholder approval. 1 month termination notice by the company, no notice period by the consultant provided they step down as a Director of the company, non-solicitation and non-compete clauses.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – Short Term Incentives		At risk – Long Term Incentives	
DIRECTORS	2023	2022	2023	2022	2023	2022
Trevor Matthews	75%	38%		-	25%	62%
Brendan Clark	76%	25%	-	-	24%	75%
James Bahen	64%	21%	-	-	36%	79%

Shareholding of key management personnel

The number of ordinary shares in the company held during the financial year by each director including their personally related parties, is set out below:

	Balance 01/07/2022	Additions as part of remuneration	Disposals	Balance 30/06/23
DIRECTORS				
Trevor Matthews	1,845,748	-	-	1,845,748
Brendan Clark	1,720,748	1,096,362	-	2,817,110
James Bahen	50,000	-	-	50,000
TOTAL	3,616,496	1,096,362	-	4,712,858

The number of share/rights in the company held during the financial year by each director including their personally related parties, is set out below:

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)

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Directors Report



	Balance 01/07/2022	Additions as part of remuneration	Disposals	Balance 30/06/23
DIRECTORS				
Trevor Matthews	878,059	-	-	878,059
Brendan Clark	878,059	500,000	-	1,378,059
James Bahen	-	-	-	-
TOTAL	1,756,118	500,000	-	2,256,118

Option holding of key management personnel

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance 01/07/2022 or date of appointment	Additions as part of remuneration	Exercise/Cancellations	Balance 30/06/23 or date of resignation
DIRECTORS				
Trevor Matthews	3,096,364	-	-	3,096,364
Brendan Clark	2,396,361	-	(1,096,362)	1,299,999
James Bahen	1,299,999	-	-	1,299,999
TOTAL	6,792,724	-	(1,096,362)	5,696,362

Director Incentive Based Options were Issued during the year Nil(2022: 4,600,000).Refer below for the options that were granted but not issued.

Share-based compensation

Issue of shares

There were no shares issued to Directors as part of compensation during the year ended 30 June 2023 (2022:Nil).

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Trevor Matthews	666,668	20/07/2021	20/07/2023	20/07/2024	\$0.30	\$0.118
Trevor Matthews	666,667	20/07/2021	20/07/2023	20/07/2024	\$0.35	\$0.112
Trevor Matthews	666,667	20/07/2021	20/07/2023	20/07/2024	\$0.40	\$0.107
Brendan Clark	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.30	\$0.118
Brendan Clark	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.35	\$0.112
Brendan Clark	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.40	\$0.107
James Bahen	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.30	\$0.118
James Bahen	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.35	\$0.112
James Bahen	433,333	20/07/2021	20/07/2023	20/07/2024	\$0.40	\$0.107

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the Directors becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

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Directors Report

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
Trevor Matthews	22,108	-	-
Brendan Clark	31,300	-	-
James Bahen	22,108	-	-
Total	75,516	-	-

Performance Rights

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows(Refer to footnote):

Name	Number of Performance rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Brendan Clark	250,000 ¹	09/11/2022	09/11/2027	09/11/2027	\$0.152
Brendan Clark	250,000 ²	09/11/2022	09/11/2027	09/11/2027	\$0.136
Brendan Clark	500,000 ³	31/05/2023	30/6/2024	30/6/2024	\$0.220
Brendan Clark	500,000 ⁴	31/05/2023	30/6/2025	30/6/2025	\$0.220
James Bahen	500,000 ³	31/05/2023	30/6/2024	30/6/2024	\$0.220
James Bahen	500,000 ⁴	31/05/2023	30/6/2025	30/6/2025	\$0.220
Trevor Matthews	500,000 ³	31/05/2023	30/6/2024	30/6/2024	\$0.220
Trevor Matthews	500,000 ⁴	31/05/2023	30/6/2025	30/6/2025	\$0.220

Valuation for those granted on the 09/05/2022:

	Tranche 1	Tranche 2
Assumptions:		
Grant date	9 November 2022	9 November 2022
Expiry date	8 November 2027	8 November 2027
Share price at grant date	\$0.175	\$0.175
Target Share price	\$0.30	\$0.50
Performance measurement period	5 years	5 years
Risk free rate	0.14%	0.14%
Expected Volatility	110%	110%
Indicative value per performance right	\$0.152	\$0.136

¹Tranche 1 – 20-day VWAP equal to or greater than \$0.30

²Tranche 2– 20-day VWAP equal to or greater than \$0.50

Valuation for those granted on the 31/05/2023":

	Tranche 1	Tranche 2
Assumptions:		
Grant date	31 May 2023	31 May 2023
Expiry date	30 June 2024	30 June 2025
Share price at grant date	\$0.22	\$0.22
Target Share price	N/A	N/A
Performance measurement period	1.1 years	2.1 years
Expected Probability	100%	100%
Expected Volatility	100%	100%
Indicative value per performance right	\$0.22	\$0.22

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)**ACN 124 279 750****Annual Report for the Year Ended 30 June 2023****Directors Report**

³Tranche 1- Class A Performance Right Upon the Company releasing an inferred JORC Mineral Resource Estimate of 100 million tonnes or greater of Rare Earth Elements (REE) with a cutoff grade of 200ppm and an average grade greater than 400ppm by 30 June 2024. These have not yet been issued and subject to shareholder approval as at 30 June 2023.

⁴Tranche 2 - Class B Performance Right Upon the Company releasing an inferred JORC Mineral Resource Estimate of 200 million tonne or greater of Rare Earth Elements (REE) with a cut-off grade of 200ppm and an average grade greater than 400ppm by 30 June 2025. These have not yet been issued and subject to shareholder approval as at 30 June 2023.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020
Share price at financial year end (\$)	\$0.25	\$0.10	-	-
Total dividends declared (cents per share)	-	-	-	-
Basic loss per share (cents per share)	(2.12)	(8.88)	(12.64)	(3.26)

Additional information

The earnings of the consolidated entity for the three years to 30 June 2023 are summarised below:

	2023	2022 ¹	2021 ¹	2020 ¹
	\$	\$	\$	\$
Sales revenue	-	-	-	-
EBITDA	(1,035,486)	(3,822,281)	(290,316)	(74,744)
EBIT	(1,260,371)	(3,953,412)	(290,316)	(74,744)
Loss after income tax	(1,260,371)	(3,971,295)	(290,316)	(74,744)

¹Victory Metals Limited (Previously Hughes Drilling Limited)

Related party transactions

The company has an agreement with Smallcap Corporate (SCC), of which Mr James Bahen is a Director, (Corporate Services Agreement). Pursuant to the Corporate Services Agreement, the SCC was appointed to provide corporate and administrative services to the Company. During the year \$118,419 (2022: \$66,500) was charged in relation to providing corporate and administrative services to Cosmos Exploration Limited. As at 30 June 2023, there is a related party payable to Mr James Bahen of \$16,055 for Corporate Advisory and accounting services. The agreement has been negotiated at arm's length and contains standards commercial terms and therefore falls within the exception on section 210 of the Corporations Act.

This concludes the remuneration report which has been audited.

Shares under Option

Unissued ordinary shares of Victory Metals Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number under Option
28 March 2023	28 March 2025	\$0.30	66,666
11 November 2022	11 November 2024	\$0.30	9,166,667
16 July 2021	16 July 2024	\$0.30	1,533,334
16 July 2021	16 July 2024	\$0.35	1,533,333
16 July 2021	16 July 2024	\$0.40	1,533,333

In addition, to the above options, there are also 4,703,466 performance shares on issue at the date of this report which expire 21 July 2024. Each performance share is convertible into a fully paid ordinary share in the capital of the Company for nil consideration upon achieving the following milestone: -

- The Company delineates a JORC compliant resource in excess of 200,000 oz of gold at a grade equal to or in excess of 2 grams per tonne on the Victory Tenements.

In addition to the above, there are also 4,000,000 performance rights on issue at the date of this report. Refer to the remuneration section for the further details.

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)
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Directors Report
Auditor Remuneration



The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of amounts paid to the Company's auditors, BDO, are set out below.

	30 June 2023	30 June 2022
	\$	\$
Audit and review of financial report (BDO)	43,160	59,045
	43,160	59,045

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Directors Report

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditors (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

This Directors report is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,



Trevor Matthews
Non-Executive Chairman
 Perth, 29 September 2023

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)
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Annual Report for the Year Ended 30 June 2023
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
Interest Income		19,938	295
General and administrative expenses		(445,641)	(214,975)
Consultancy expenses		(34,783)	(80,453)
Director fees		(270,544)	(212,302)
Amortisation and depreciation expenses		(224,885)	(131,131)
Listing expenses recognised on acquisition	23	-	(2,629,780)
Share-based payment expenses		(81,850)	(488,419)
Professional and legal fees		(147,943)	(156,602)
Finance expenses		-	(17,883)
Insurance		(74,663)	(40,045)
Loss before income tax		(1,260,371)	(3,971,295)
Income tax (expense)	4	-	-
Loss after income tax for the year		(1,260,371)	(3,971,295)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the year		(1,260,371)	(3,971,295)
Earning per share for the loss attributable to ordinary equity holders of the company – cents/share			
- Diluted loss per share	20	(2.12)	(8.88)
- Basic loss per share	20	(2.12)	(8.88)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)
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Annual Report for the Year Ended 30 June 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	5	3,118,524	1,895,098
Prepayments		63,982	73,919
Other receivables	6	68,651	86,040
Other assets		25,000	2,000
TOTAL CURRENT ASSETS		3,276,157	2,057,057
Non-current assets			
Capitalised exploration and evaluation	7	5,025,036	1,717,167
Property, plant & equipment	8	482,158	18,164
Right of use asset	9	-	451,805
Other assets	6	-	50,000
Total non-current assets		5,507,194	2,237,136
TOTAL ASSETS		8,783,351	4,294,193
Current liabilities			
Trade and other payables	10	511,550	497,338
Lease liabilities	9	-	189,908
TOTAL CURRENT LIABILITIES		511,550	687,246
Non-current liabilities			
Lease liabilities	9	-	197,948
Total non-current liabilities		-	197,948
TOTAL LIABILITIES		511,550	885,194
NET ASSETS		8,271,801	3,408,999
EQUITY			
Contributed equity	11	13,513,919	7,479,137
Reserves	13	576,810	488,419
Accumulated losses		(5,818,928)	(4,558,557)
NET ASSETS		8,271,801	3,408,999

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance 1 July 2021	276,251	-	(587,262)	(311,011)
Loss for the year	-	-	(3,971,295)	(3,971,295)
Other Comprehensive Income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,971,295)	(3,971,295)
Proceeds from issue of shares	7,656,886			7,656,886
Share issue costs	(454,000) ¹			(454,000)
Share-based payments	-	488,419	-	488,419
Balance at 30 June 2022	7,479,137	488,419	(4,558,557)	3,408,999
Balance 1 July 2022	7,479,137	488,419	(4,558,557)	3,408,999
Loss for the year	-	-	(1,260,371)	(1,260,371)
Other Comprehensive Income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,260,371)	(1,260,371)
Transactions with owners in their capacity as owners:				
Proceeds from issue of shares	6,369,432	-	-	6,369,432
Share issue costs	(334,650)	-	-	(334,650)
Share-based payments	-	88,391	-	88,391
Balance at 30 June 2023	13,513,919	576,810	(5,818,928)	8,271,801

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (GST inclusive)		(924,577)	(789,908)
Interest paid		-	(17,807)
Interest received		19,938	295
Net cash generated (used in) operating activities	14	(904,639)	(807,420)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(345,430)	(31,052)
Payments for exploration and evaluation expenditure		(2,920,378)	(1,631,701)
Cash acquired on acquisition of subsidiary	23	-	5,000,940
Payment for investment in term deposit		(25,000)	-
Net cash used in investing activities		(3,290,808)	3,338,187
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loan		-	(26,000)
Proceeds from share issuance	11	5,753,523	-
Payment for lease option		-	(30,000)
Payment for lease deposit		-	(50,000)
Payment for lease liabilities		-	(202,193)
Costs in relation to share issuance	11	(334,650)	(331,500)
Net cash generated by financing activities		5,418,873	(639,693)
Net (decrease)/increase in cash and cash equivalents		1,223,426	1,891,074
CASH AT THE BEGINNING OF THE YEAR		1,895,098	4,024
CASH AT THE END OF THE YEAR	5	3,118,524	1,895,098

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

GENERAL INFORMATION

Victory Metals Limited registered office is Suite 1, 295 Rokeby Road, Subiaco WA 6008.

The financial statements are presented in Australian dollars.

The financial report was authorised for issue by the Directors of the Company on 29 September 2023.

This financial report covers the Consolidated Entity of Victory Metals Limited (the "Company" or "Parent") and its controlled entities (together referred to as the "Consolidated Entity" or "Group"). Victory Metals Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

1. BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Victory Metals Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs.

Comparative information

The comparative information disclosed in the financial statements represents those of The Group. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

a) Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the parent as at 30 June 2023 and the results of all subsidiaries for the year then ended. Victory Metals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As presented in the financial statements, the entity incurred a total comprehensive loss of \$1,260,371, and had net cash outflows from operating activities of \$904,639 for the year ended 30 June 2023. However, as at that date the entity had net current assets of \$2,764,607, and net assets of \$8,271,801. Subsequent to year end 4,476,138 unlisted options was converted at a price of \$0.20, contributing \$895,227, before cost to the Group's cash reserves.

Having prepared and evaluated forecasts for the period covering at least 12 months from the date of this report, incorporating assumptions about forecast expenditure and meeting all commitments at the date of this report, the Directors are confident that the entity will continue as going concern, and that it is therefore appropriate to adopt the going concern basis in the preparation of the financial report.

c) New and amended standard adopted by the Group

No new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2022 materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

b) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Useful life varies between 2 to 5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. Useful life applied to leasehold improvements is 3 years.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

e) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward assets in relation to that area of interest.

f) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

g) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

h) 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.

Classifications are determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Subsequent measurement of financial assets most relevant to the Group

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- 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, receivables fall into this category of financial instruments.

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'.

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.

Trade receivables

The Group makes use of a simplified approach in accounting for trade receivables 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.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group has nil trade receivables as at 30 June 2023 (2022: Nil).

Classification and measurement of financial liabilities

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

i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-40 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

j) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

k) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

l) Share-Based Payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds.

o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would be outstanding assuming the conversion of all dilutive potential ordinary shares.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

q) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

r) Impact of new or amended accounting standards and interpretations issued but not yet effective

New or amended accounting standards and interpretations issued but not yet effective for reporting period 30 June 2023 will not have any significant impact on the financial statements of the Group.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Consolidated Entity initially 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. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent upon the terms and conditions of grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, milestone achieved and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

4. TAX

	30 June 2023 \$	30 June 2022 \$
Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	-	-
Reconciliation		
Loss before income tax expense	(1,260,371)	(3,971,295)
Prima facie income tax expense/(benefit) at 30% (2022:30%)	(378,111)	(1,191,389)
Tax effect of permanent differences	25,305	146,526
Tax effect of accounting recognition of reverse acquisition	-	788,934
Deferred tax balances not brought to account	(810,453)	(37,806)
Revenue losses not brought to account	1,163,259	293,735
Income tax expense/(benefit)	-	-
Tax losses		
Deferred tax assets not recognised at 30% (2022:30%):		
Provisions and accruals	22,176	19,303
Capital raising costs	195,155	79,199
Carried forward revenue losses	3,825,994	293,735
Total	4,043,325	392,237
The tax benefits of the above deferred tax assets will only be obtained if:		
(i) The company derives future assessable income of a nature and an amount sufficient to enable the benefits to be utilised;		
(ii) The company continues to comply with the conditions for deductibility imposed by law; and		
(iii) No changes in income tax legislation adversely affects the company in utilising the benefits.		
Deferred tax liabilities not recognised at 30% (2022:30%):		
Exploration Expenditure	1,399,106	-
Prepayments	19,194	22,176
Total	1,418,300	22,176

5. CASH AND CASH EQUIVALENTS

	30 June 2023 \$	30 June 2022 \$
Cash at bank and on hand	3,118,524	1,895,098
Balances as per the statement of cash-flows	3,118,524	1,895,098

Risk exposure

The Group's exposure to interest rate risk is discussed in Note 18. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

6. OTHER RECEIVABLES

	30 June 2023	30 June 2022
<u>Current</u>	\$	\$
GST receivable	68,651	86,040
<u>Non-current</u>		
Bond	-	50,000

7. EXPLORATION AND EVALUATION

	30 June 2023	30 June 2022
	\$	\$
Exploration and evaluation – at cost	5,025,036	1,717,167
	Exploration and evaluation	
Balance at 1 July 2021	-	
Additions	1,717,167	
Balance at 30 June 2022	1,717,167	
Additions - Exploration Spend	2,943,738	
Additions - Acquisition Cost ¹	364,131	
Balance at 30 June 2023	5,025,036	

¹ During the year the company acquired the following tenements:

- Victory acquires 100% of E51/1939 granted tenement and E20/1016, E51/2104 and E51/2102 tenement applications in exchange for 1,200,000 fully paid ordinary shares. The value of these shares are located at note 11.
- Victory acquires 100% of EP0/2345 and P20/2346 granted tenement in exchange for 150,000 fully paid ordinary shares and 66,666 unlisted options. The value of these shares and options are located at note 11 and 12.
- Victory acquires 100% of E20/971 granted tenement in exchange for 238,000 fully paid ordinary shares. Valuation of these shares are located at note 11.

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8. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023	30 June 2022
<u>Leasehold improvements – Carrying Amounts</u>	\$	\$
Opening Balance	13,708	-
Additions	-	19,726
Depreciation	(6,575)	(6,018)
	7,133	13,708
<u>Plant and equipment – Carrying Amounts</u>		
Opening Balance	4,456	-
Additions	593,870	11,326
Depreciation	(123,301)	(6,870)
	475,025	4,456
Total property, plant and equipment	482,158	18,164
<u>Leasehold improvements – At Cost</u>	19,726	19,726
Accumulated Depreciation	(12,593)	(6,018)
	7,133	13,708
<u>Plant and Equipment – At Cost</u>	600,420	11,326
Accumulated Depreciation	(125,395)	(6,870)
	475,025	4,456

9. RIGHT OF USE ASSET AND LEASE LIABILITY

	30 June 2023	30 June 2022
<u>Right of use asset</u>	\$	\$
Right of use asset	-	451,805
<u>Lease liability</u>		
Lease liability - Current	-	189,908
Lease liability – Non-Current	-	197,948
	-	387,856

The Group leases plant and equipment at the camp site of the exploration tenement under an agreement for three years with an option to extend for a further three years. The Group in the previous period had paid a security deposit of \$50,000 and a non-refundable option fee of \$30,000, for the option to purchase the leased equipment. During the year, the Group exercised the option to purchase the plant and equipment which resulted in \$529,000 being recognized as property, plant and equipment.

10. TRADE AND OTHER PAYABLES

Trade and other payables	454,982	432,995
Accrued expenses	56,568	64,343
	511,550	497,338

11. CONTRIBUTED EQUITY

	Number of shares	Value \$	Share issue Costs \$	Net \$
Balance 1 July 2021	12,606,250	276,251	-	276,251
Eliminate existing legal acquiree shares	(12,606,250)	-	-	-
Share of legal acquirer at acquisition date	2,996,931	-	-	-
Consideration shares – RTO ¹	8,750,000	599,386	-	599,386
Shares issued for conversion of convertible loan – RTO ²	9,750,000	1,950,000	-	1,950,000
Placement – RTO ³	25,000,000	5,000,000	-	5,000,000
Lead manager facilitation shares – RTO ⁴	537,500	107,500	-	107,500
Share issue costs ⁵	-	-	(454,000)	(454,000)
On issue at 30 June 2022	47,034,431	7,933,137	(454,000)	7,479,137
Balance at 1 July 2022	47,034,431	7,933,137	(454,000)	7,479,137
Issue capital placement ⁶	22,500,000	5,000,000	-	5,000,000
Consideration of acquisition of tenements ⁷	1,588,000	329,270	-	329,270
Consultancy Fees	72,000	13,680	-	13,680
Option exercise	3,734,912	746,982	-	746,982
Consideration of acquisition of plant ⁸	1,300,000	279,500	-	279,500
Share issue costs	-	-	(334,650)	(334,650)
On issue at 30 June 2023	76,229,343	14,302,569	(788,650)	13,513,919

¹ 8,750,000 fully paid ordinary shares valued at acquisition date.

² 9,750,000 fully paid ordinary shares valued at \$0.20 per share

³ 25,000,000 fully paid ordinary shares valued at \$0.20 per share

⁴ 537,500 fully paid ordinary shares valued at \$0.20 per share

⁵ Share issue costs comprise cash payments and non-cash lead manager facilitation costs

⁶ The Company conducted two capital raises during the year one being 10,000,000 full paid ordinary shares valued at \$0.20 per share and the other being 12,500,000 full paid ordinary shares at \$0.24 per share.

⁷ During the year acquired a number of tenements during the year as follows:

- Victory acquires 100% of E51/1939 granted tenement and E20/1016, E51/2104 and E51/2102 tenement applications in exchange for 1,200,000 fully paid ordinary shares. These shares were valued on the 13/10/2022 being the asset acquisition date with a share price assigned of \$0.19 per share (\$228,000).
- Victory acquires 100% of P20/2345 and P20/2346 granted tenement in exchange for 150,000 fully paid ordinary shares and 66,666 unlisted options. These shares were valued on the 28/03/2023 being the asset acquisition date with a share price assigned of \$0.215 per share (\$32,250). Option valuation value located at note 13.
- Victory acquires 100% of E20/971 granted tenement in exchange for 238,000 fully paid ordinary shares. Valuation of these shares are located at note 11. These shares were valued on the 02/05/2023 being the asset acquisition date with a share price assigned of \$0.29 per share (\$69,020).

⁸ During the year acquired a right of use asset for 1,300,000 full paid ordinary shares at a share price of \$0.215 per share.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Refer to Note 23 Reverse Acquisition for details of grant of 4,703,466 performance shares relating to reverse acquisition of Victory Cue.

12. SHARE BASED PAYMENTS

During the period, the Company issued options to the Company's Executive Director and Non-executive Directors in connection with their appointments upon the legal acquisition of Victory Cue Pty Ltd.

Movement reconciliations in share based payments reserves are detailed below:

	30 June 2023	30 June 2022
	\$	\$
Opening balance	488,419	-
Share based payment expense – Director incentive options	28,314	488,419
Performance Rights	9,192	-
Options Issued for Acquisition of tenements	6,541	-
Performance Rights not yet issued	44,344	-
Total	576,810	488,419
And		

Director Incentive Options

During the previous year, the Company issued 4,600,000 Director Incentive Options to Messrs Matthews, Clark and Bahen in connection with their appointments as directors upon the reverse acquisition of Victory Metals Limited.

These options shall vest after twelve months from the date of issue, on the basis that the Directors remain over that period.

The fair value of the Director Incentive Options granted are estimated at the date of grant based on the assumptions set out below: - Black Scholes Model:

Assumptions:	Tranche 1	Tranche 2	Tranche 3
Grant date	20 July 2021	20 July 2021	20 July 2021
Expiry date	20 July 2024	20 July 2024	20 July 2024
Share price at grant date	\$0.20	\$0.20	\$0.20
Exercise price	\$0.30	\$0.35	\$0.40
Vesting period	12 months	12 months	12 months
Risk free rate	0.14%	0.14%	0.14%
Expected Volatility	110%	110%	110%
Indicative value per Director Incentive Option	\$0.1180	\$0.1120	\$0.1070
Number of Director Incentive Options	1,533,334	1,533,333	1,533,333
Total Value of Director Incentive Options	\$180,933	\$171,733	\$164,067
Amount recognised as equity-based payment expenses for the period ended 30 June 2023	\$9,914	\$9,410	\$8,990

The weighted average exercise price per option is \$0.35. The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years.

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Director Performance Rights

During the current year, the Consolidated entity issued 500,000 Director performance rights to Brendan Clark. The fair value per performance Right and the following inputs were used in the Hoadleys Hybrid Model below.

	Tranche 1	Tranche 2
Assumptions:		
Grant date	9 November 2022	9 November 2022
Expiry date	8 November 2027	8 November 2027
Share price at grant date	\$0.175	\$0.175
Target Share price	\$0.30	\$0.50
Performance measurement period	5 years	5 years
Risk free rate	0.14%	0.14%
Expected Volatility	110%	110%
Indicative value per performance right	\$0.152	\$0.136
Number of Director Incentive Options	250,000	250,000
Total Value of Director Incentive Options	\$38,000	\$34,000
Amount recognised as equity-based payment expenses for the current year	\$4,852	\$4,340

Vesting Conditions of the performance rights is below:

- Tranche 1- The VWAP of the Company shares over 20 consecutive trading days (on which Shares have actually traded) reaching \$0.30 at any time prior to the expiry date.
- Tranche 2 - The VWAP of the Company shares over 20 consecutive trading days (on which Shares have actually traded) reaching \$0.50 at any time prior to the expiry date.

During the current year, the Consolidated entity mutually agreed with the Directors to issue 3,000,000 Director performance rights, subject to shareholder approval. In addition, the Consolidated entity agreed to provide 500,000 performance rights to consultants with the same term. The performance rights will be subsequently remeasured at grant date. The valuation was undertaken via the black scholes model. The fair value per performance Right and the following inputs were used:

	Tranche 1	Tranche 2
Assumptions:		
Grant date	31 May 2023	31 May 2023
Expiry date	30 June 2024	30 June 2025
Share price at grant date	\$0.22	\$0.22
Target Share price	N/A	N/A
Performance measurement period	1.1 years	2.1 years
Expected Probability	100%	100%
Expected Volatility	100%	100%
Indicative value per performance right	\$0.22	\$0.22
Number of Performance Rights	1,750,000	1,750,000
Total Value of Performance Rights	\$385,000	\$385,000
Amount recognised as equity-based payment expenses for the current year	\$29,167	\$15,177

Vesting Conditions of the performance rights is below:

- Tranche 1- Class A Performance Right Upon the Company releasing an inferred JORC Mineral Resource Estimate of 100 million tonnes or greater of Rare Earth Elements (REE) with a cutoff grade of 200ppm and an average grade greater than 400ppm by 30 June 2024.
- Tranche 2 - Class B Performance Right Upon the Company releasing an inferred JORC Mineral Resource Estimate of 200 million tonne or greater of Rare Earth Elements (REE) with a cut-off grade of 200ppm and an average grade greater than 400ppm by 30 June 2025

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Asset Acquisition

Victory acquires 100% of P20/2345 and P20/2346 granted tenement in exchange for 150,000 fully paid ordinary shares and 66,666 unlisted options. The Option Valuation is located below and the following inputs were used:

	Tranche 1
Assumptions:	
Grant date	28 March 2023
Expiry date	28 March 2025
Share price at grant date	\$0.215
Target Share price	\$0.30
Performance measurement period	2 years
Expected Probability	100%
Expected Volatility	100%
Indicative value per Option	\$0.0981
Number of Performance Rights	66,666
Total Value of Performance Rights	\$6,541

The weighted average exercise price is \$0.30.

The movement of share options and performance rights are presented below:

Options	30 June 2023 Number of options	30 June 2022 Number of options
Balance at beginning of financial year	19,925,000	-
Options issued to Directors during the financial year	-	4,600,000
Recognition of consideration options on reverse acquisition	-	5,575,000
Recognition of placement options on relisting	-	9,750,000
Option Exercised during the period	(3,734,912)	-
Option Expired during the period	(6,815,068)	-
Placement Options – Free attaching	5,000,000	-
Tenement Acquisition Options	66,666 ¹	-
Balance at end of financial year	14,441,686	19,925,000

¹ Refer above for valuation of options.

Performance Rights	30 June 2023 Number of Performance rights	30 June 2022 Number of Performance Rights
Balance at beginning of financial year	-	-
Performance rights issued on 9 November 2022	500,000	-
Performance rights granted on 31 May 2023	3,500,000	-
Balance at end of financial year	4,000,000	-

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13. RESERVES

The option reserve is used to recognise:

- a) the grant date fair value of options issued to employees but not exercised;
- b) the grant date fair value of shares issued to employees

	30 June 2023	30 June 2022
	\$	\$
Reserves	576,810	488,419
	Value	
	\$	
Balance 30 June 2021	-	
Share based payment expense during the year – profit or loss	488,419	
Balance 30 June 2022	488,419	
Share based payment expense during the year – profit or loss	81,850	
Share based payment expense during the year – Capitalised Asset	6,541	
Balance 30 June 2023	576,810	

14. NOTES TO THE STATEMENT OF CASH FLOWS

	30 June 2023	30 June 2022
	\$	\$
Operating (loss)/profit after taxation	(1,260,371)	(3,971,295)
<u>Non cash items</u>		
Amortisation	-	118,244
Depreciation	224,885	12,887
Listing expenses recognised on acquisition	-	2,629,780
Share based payments	81,850	488,419
<u>Movement in assets / liabilities:</u>		
(Increase)/decrease in prepayments	79,326	(56,705)
Decrease in other receivables	-	32,046
Increase /(decrease) in trade and other payables	(30,329)	(60,796)
Net cash (used in)/provided by operating activities	(904,639)	(807,420)

Non-cash investing and financing activities:

During the year, the Group had acquired Projects from various vendors with for consideration shares \$329,270 with \$6,541 worth of options. The Group also acquired property plant and equipment for \$279,000. Details can be located at note 11 and 12.

15. AUDITORS REMUNERATION

	30 June 2023	30 June 2022
Audit services	\$	\$
Audit and review of financial report (BDO Audit Pty Ltd)	43,160	59,045
	<u>43,160</u>	<u>59,045</u>

16. RELATED PARTIES

a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included at note 17.

b) Transactions with related parties

The Company has entered into a related party transactions during the reporting period, with Smallcap Corporate where Mr Bahen is a Director of the Company. The services provided include accounting and corporate advisory services with fees totaling \$118,419 for the current year.

c) Outstanding balances arising from sales/purchases of goods and services

At the date of this report, there is \$16,055 owed to with Smallcap Corporate where Mr Bahen is a Director of the Company.

17. KEY MANAGEMENT PERSONNEL

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management Personnel (KMP) for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2023	2022
	\$	\$
Short-term employee benefits	206,125	212,322
Post-employment benefits	-	-
Share based payments	75,516	488,419
Total KMP compensation	<u>281,641</u>	<u>700,741</u>

18. FINANCIAL INSTRUMENTS

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as other debtors and creditors which arise directly from its operations. For the current financial year, it has been the Group's policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

a) Market risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The Directors monitor the Group's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Group does not have short or long term debt, and therefore this risk is minimal. At 30 June 2023, a change in interest rate would have no material impact on profits as no interest was earned during the year.

b) Credit risk

Credit risk is managed on a group basis. Credit risk arises mainly from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk. As at 30 June 2023, the Group held cash at bank with financial institutions with an S&P rating of AA.

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. The Group does not have any overdraft, loans or borrowings facilities from financial institutions as at reporting date.

Maturity analysis for financial liabilities

Financial liabilities of the Group include trade and other payables. As at 30 June 2023 trade payables are contractually due within 60 days.

d) Fair value measurements

Due to its short term nature, receivables and trade and other payable are assumed to approximate their fair values due to their short-term nature.

e) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

Contractual maturities of financial liabilities	Less than 6 months \$	6 – 12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
At 30 June 2023							
Non-derivatives							
Trade payables	454,982	-	-	-	-	454,982	454,982
Total non-derivatives	454,982	-	-	-	-	454,982	454,982
At 30 June 2022							
Non-derivatives							
Trade payables	432,995	-	-	-	-	432,995	432,995
Lease liabilities	110,000	110,000	220,000	-	-	440,000	387,856
Total non-derivatives	542,995	110,000	220,000	-	-	872,995	820,851

19. COMMITMENT AND CONTINGENCIES

The exploration commitments are as follows: -

	30 June 2023 \$	30 June 2022 \$
Not longer than 1 year	492,200	393,180
Longer than 1 but not longer than 5 years	1,161,180	1,011,840
Longer than 5 years	1,922,374	1,555,200
Total	3,575,754	2,960,220

20. EARNINGS PER SHARE

No shares have been excluded from the calculation of earnings per share that could potentially dilute the earnings per share in the future because they are anti-dilutive. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Options and performance rights on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2023.

	30 June 2023	30 June 2022
Basic and diluted earnings per share	\$	\$
a) Net loss from operations	(1,260,371)	(3,971,295)
	No's	No's
c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (post consolidation)	59,244,612	44,726,878
Loss per share from operations	(2.12)	(8.88)

21. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

All significant operating decisions are based upon analysis of the Group as one segment. The financial results in this segment are equivalent to the financial statements of the Group as a whole.

22. EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Company held its general meeting on 6 July 2023 and approved the issue of 3,500,000 performance rights to Directors and consultants and 4,166,667 broker options with an exercise price of \$0.30.

Subsequent to year end 4,476,138 unlisted options was converted at a price of \$0.20, contributing \$895,227, before costs.

There are no other matters or circumstances which have arisen since year end which significantly affected or may significantly affect the operations of the company, results of those operations, or the state of the affairs of the entity in subsequent periods.

23. REVERSE ACQUISITION

On 8 July 2021, Victory Metals LIMITED (formerly Hughes Drilling Limited), the legal parent and legal acquirer, completed the acquisition of Victory Cue Pty Ltd ("Victory Cue"). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as Victory Goldfields Limited was not considered to be a business. The transaction was therefore accounted for under Australian Accounting Standards AASB 2 Share based payments, whereby Victory Cue has issued shares in exchange for the net assets of Victory Goldfields Limited, together with their listing status.

On completion of the acquisition 8,750,000 shares were issued to Victory Cue shareholders as well as 5,575,000 options and 4,703,466 performance shares. At the same time, existing converting loan holders in Victory Goldfields Limited converted their outstanding loans into 9,750,000 shares, as well as 9,750,000 options. The 5,575,000 acquisition options and 9,750,000 converting loan options have an exercise price of \$0.20 and were not considered to be substantive, and therefore they have no attributed fair value. The 4,703,466 performance shares have the following performance milestone, which needs to be achieved within 3 years of the listing of the Company:

The Company delineates a JORC 2012 compliant resource in excess of two hundred thousand ounces (200,000 oz) of Gold at a grade equal to or in excess of two grams per tonne (2 g/t) on the Victory Tenements.

The fair value of these shares is considered to be \$0.20 each, therefore having a total fair value of \$940,693. However, management has assessed the probability of achieving this milestone as 0%, thus resulting in a fair value in the current reporting period of nil. This will be re-assessed at each reporting date.

As a result, the following principles and guidance on the preparation of the consolidated financial statements has been applied:

- Fair value adjustments arising at acquisition were made to Victory Goldfield Limited's assets and liabilities, and not those of Victory Cue;

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)**ACN 124 279 750****Annual Report for the Year Ended 30 June 2023****Notes to the Consolidated Financial Statements**

- The cost of acquisition is based on the market value of Victory Goldfields Limited shares on completion date, plus the value of performance shares and options issued to the vendors of Victory Cue but after subtracting the net assets of Victory Goldfields Limited on the completion date. The cost of acquisition, including the listing status of Victory Goldfields Limited does not qualify for recognition as an intangible asset and therefore has been expensed in the profit and loss for the period;
- The amounts recognised as issued equity instruments in the consolidated financial statements have been determined by adding the cost of acquisition to the issued equity of Victory Cue immediately before the acquisition;
- Retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are retained earnings and other equity balances of Victory Cue immediately before the acquisition; and
- The pre-acquisition equity balances of Victory Goldfields are eliminated against this increase in Share Capital of \$2,549,386 on consolidation and the balance is deemed to be the amount paid for the listing status of Victory Goldfields, being \$2,629,780 (recognised in the profit or loss). This is tabled below:

Deemed Consideration	\$
8,750,000 fully paid ordinary shares	599,386
Fair value of 9,750,000 converting loan shares issued upon conversion of converting loans	1,950,000
Total value of deemed consideration	2,549,386
Fair value of Victory Goldfields Limited at acquisition date: -	
Cash and cash equivalent	5,000,940
Prepayments	17,214
Other current receivables and other assets	65,933
Loan receivables	20,864
Trade and other payables	(104,084)
Accruals	(81,261)
Other liabilities	(5,000,000)
Fair value of net liabilities	(80,394)
Excess consideration on Victory Cue acquisition	2,629,780

The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Victory Metals Limited, including the equity instruments issued by Victory Goldfields Limited to effect the acquisition.

The results for the year ended 30 June 2022 comprise the results of Victory Cue and the results of Victory Goldfields Limited subsequent to the acquisition.

The total acquisition costs related to the above that has been expensed in general and administrative expenses to the statement of profit or loss and other comprehensive income, in excess of the \$2,629,780 listing expense, totalled \$72,260.

24. DIVIDENDS

No dividend was paid or proposed to be paid for the year ended 30 June 2023 (Nil: 2022).

25. SUBSIDIARIES

	Country of Incorporation	Ownership %	
		2023	2022
Subsidiaries of Victory Metals Limited:			
Victory Cue Pty Ltd	Australia	100	100

26. PARENT ENTITY NOTE

The following details information related to the parent entity, Victory Metals Ltd, at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	30 June 2023	30 June 2022
	\$	\$
Current assets	3,229,134	2,001,737
Non-Current assets	5,203,408	1,546,812
Total assets	8,432,542	3,548,549
Current liabilities	160,741	139,550
Non-Current liabilities	-	-
Total liabilities	160,741	139,550
Net assets	8,271,801	3,408,999
Contributed equity	78,431,070	72,396,289
Reserve	576,810	488,419
Accumulated Losses	(70,736,079)	(69,475,709)
Total equity	8,271,801	3,408,999
Loss for the year	(1,260,370)	(4,283,125)
Other comprehensive loss for the year	(1,260,370)	(4,283,125)
Total comprehensive loss for the year	(1,260,370)	(4,283,125)

Directors' Declaration

In the opinion of the Directors of the Company:

1. The financial statements and notes set out on pages 20 to 42:
 - (i) Are in accordance with the Corporations Act 2001 and comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 giving a true and fair view of the Company's financial position as at 30 June 2023, and of the financial performance for the year ended 30 June 2023.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The declaration required to be made with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023 has been received.

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



Trevor Matthews
Non-Executive Chairman
Perth,
29 September 2023



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DECLARATION OF INDEPENDENCE BY L G MYLONAS TO THE DIRECTORS OF VICTORY METALS LIMITED

As lead auditor of Victory Metals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Victory Metals Limited and the entities it controlled during the period.



L G Mylonas
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Victory Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victory Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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.

Going concern

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
The group has incurred losses and negative operating cash flows. In note 1(b) of the financial report, the Directors have documented their considerations regarding their conclusion that the going concern basis is the appropriate basis of accounting. Our assessment of the going concern basis was considered a key audit matter due to the judgements and assumptions made by the Directors. The ability of the Group to continue as a going concern is supported by the cash flow forecasts prepared by the Directors. These forecasts include the Directors' assumptions regarding the timing of future cash flows and operating results which are by their nature uncertain.	Our audit procedures included, amongst others: • Obtaining and evaluating management's assessment of the group's ability to continue as a going concern. • Evaluating management's cash-flow forecasts and challenging management's assumptions applied around future operating costs, and resulting cash flows. • Analysing the impact of reasonable possible changes in cash flow forecasts and their timing by applying sensitivities to key inputs includes future operating and exploration and evaluation costs. • Checking the calculation to ensure the accuracy of the underlying financial data. • Assessing the accuracy of the forecasts by comparing previous forecasts with the Group's actual results and compared post year-end results to budget.

Carrying value of exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
The Group carries exploration and evaluation assets in accordance with the Group's accounting policy for exploration and evaluation expenditure, as set out in Note 2(e) and 7. The recoverability of exploration and evaluation assets is a key audit matter due to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our audit procedures included, amongst others: • Obtaining evidence that the Group has valid rights to explore the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and considering whether the Group maintains tenements in good standing. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Victory Metals Limited, for the year ended 30 June 2023, 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'L G Mylonas', is written over a faint, light blue circular stamp that contains the BDO logo.

L G Mylonas
Director

Brisbane, 29 September 2023

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)

Shareholder information

30 June 2023



The shareholder information set out below was applicable as at 26 September 2023

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Range	Total holders	Units	% Units
1 - 1,000	708	46,776	0.06
1,001 - 5,000	237	740,351	0.92
5,001 - 10,000	155	1,261,712	1.56
10,001 - 100,000	420	16,248,708	20.09
100,001 Over	147	62,602,109	77.38
Total	1,667	80,899,656	100.00
Unmarketable Parcels	821	283,179	

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Rank	Name	Units	% of Units
1	WEST AUSTRALIAN PROPERTY INVESTMENTS ENTERPRISES PTY LTD <ALBERTA UNIT A/C>	7,060,000	8.73
2	MR ADAM BRAND <PEPPER INVESTMENT A/C>	3,724,362	4.60
3	BRENDAN PAUL JAMES RICHARD CLARK <CLARK FAMILY A/C>	2,817,110	3.48
4	SYROS SECURITIES PTY LTD <SYROS A/C>	2,602,249	3.22
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,662,591	2.06
6	AEGEAN CAPITAL PTY LTD <THE SPARTACUS A/C>	1,657,500	2.05
7	MRS SUZANNE PAULA STOPKA <STOPKA FAMILY A/C>	1,581,543	1.95
8	ASTALEX PTY LTD <AUSCAN SUPER FUND A/C>	1,507,599	1.86
9	MR JEFFREY JOHN DEMPSEY	1,274,082	1.57
10	RPM SUPER PTY LTD <RPM SUPER FUND A/C>	1,212,618	1.50
11	T MATTHEWS SUPER PTY LTD <THE TREVOR MATTHEWS SF A/C>	1,096,362	1.36
12	SKORPIOS CAPITAL PTY LTD <THE SKORPIOS FUND A/C>	950,000	1.17
13	MR DARREN MONTGOMERY	915,093	1.13
14	MR MICHAEL JAMES MURPHY <MURPHY FAMILY A/C>	873,572	1.08
15	TREVOR JOHN MATTHEWS <TJM A/C>	860,374	1.06
16	MISS JOANNE LOUISE PAINTER	850,000	1.05
17	DIAMOND CONSTRUCT PTY LTD	800,000	0.99
18	MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <MJ BAHEN SUPER FUND A/C>	800,000	0.99
19	MINING EQUITIES PTY LTD	800,000	0.99
20	MR STEVEN ANDRE BODY	689,628	0.85
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		33,734,683	41.70
Total Remaining Holders Balance		47,164,973	58.30

Unquoted equity securities

Class	Units
unlisted options exercisable at \$0.30 on or Before 16/07/2024	1,533,334
unlisted options exercisable at \$0.35 on or Before 16/07/2024	1,533,333
unlisted options exercisable at \$0.40 on or Before 16/07/2024	1,533,333
unlisted options exercisable at \$0.30 on or Before 11/11/2024	5,000,000
unlisted options exercisable at \$0.30 on or Before 28/03/2025	66,666
Performance Shares	4,703,466
Performance Rights	4,000,000

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On Market Buy Back

There are no current on market buy backs.

ASX listing Rule 4.10.19

The Company confirms that it expects to utilise the funds raised under its prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

Corporate Governance Statement

The Company's corporate governance statement can be found at www.victorymetalsaustralia.com/

Joint Company Secretaries

The joint company secretaries of the Company are Mr James Bahen and Mr Robbie Featherby

Principle Place of Business and Registered Office

Suite 1 295 Rokeby Road Subiaco WA 6008

Phone Number

Phone: +61 (0) 8 6557 8

Listing of Mining Tenements

Tenement ID	Status	Location	Beneficial Interest
E20/871	Live	Mafeking Bore	100%
E20/1016	Live	Cue	100%
G20/25	Live	Victory Buttercup Mine Site	100%
M20/128	Live	Cuddingwarra	100%
M20/129	Live	Cuddingwarra	100%
M20/263	Live	Eaglehawk	100%
M20/288	Live	Cue	100%
M20/305	Live	Cue	100%
M20/327	Live	Curtis Find	100%
M20/33	Live	Tuckanarra	100%
M20/360	Live	Emily Well	100%
M20/455	Live	Karbar	100%
M20/480	Live	Nindan Hill	100%
M20/494	Live	Cue	100%
M21/125	Live	Cue	100%
M21/143	Live	Day Dawn	100%
M21/158	Live	Webbs Patch	100%
M21/26	Live	Day Dawn	100%
M21/86	Live	Day Dawn	100%
M21/94	Live	Day Dawn	100%
M21/95	Live	Day Dawn	100%
M20/543	Live	Emily Wells	100%
M20/544	Live	Mafeking Bore	100%
E20/1053	Application	Cue	100%
P20/2007	Live	Mafeking Bore	100%
P20/2153	Live	Cue	100%
P20/2225	Live	Cuddingwarra	100%
P20/2226	Live	Cue	100%
P20/2248	Live	East of Emily Wells	100%
P20/2249	Live	Emily Wells	100%
P20/2250	Live	South of Emily Wells	100%
P20/2331	Live	Emily Wells	100%
P20/2333	Live	Jims Find	100%
P20/2334	Live	Jims Find	100%
P20/2352	Live	Cue	100%
P20/2353	Live	Cue	100%
P20/2354	Live	Cue	100%
P20/2355	Live	Cue	100%
P20/2356	Live	Cue	100%
P20/2357	Live	Cue	100%
P20/2357	Live	Cue	100%

VICTORY METALS LIMITED (FORMERLY VICTORY GOLDFIELDS LIMITED)**Listing of Mining Tenements****30 June 2023**

Tenement ID	Status	Location	Beneficial Interest
P20/2358	Live	Cue	100%
P20/2359	Live	Cue	100%
P20/2360	Live	Cue	100%
P20/2383	Live	Cue	100%
P20/2397	Live	Beringarra	100%
P20/2398	Live	Mafeking Bore	100%
P20/2409	Live	Murchison	100%
P20/2410	Live	Murchison	100%
P21/718	Live	Day Dawn	100%
P21/772	Live	Trenton hill	100%
P21/773	Live	Trenton hill	100%
P21/774	Live	Cue	100%
P21/775	Live	Cue	100%
P21/776	Live	Cue	100%
P20/2468	Live	Cue	100%
P20/2469	Live	Cue	100%
P20/2402	Live	Cue	100%
P20/2403	Live	Cue	100%
P20/2345	Live	Cue	100%
P20/2346	Live	Cue	100%
E51/1939	Live	Cue North	100%
E51/2102	Live	Cue North	100%
E51/2104	Live	Cue North	100%
E20/971	Live	Cue North	100%