



VICTORY MINES^{LTD.}

and its controlled entities
ABN 39 151 900 855

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

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Directors

Mr David Sanders – Non-Executive Director

Mr Alec Pismiris – Non-Executive Director

Mr Matthew Blake – Non-Executive Director

Company Secretary

Mr Scott Mison

Registered Office and Principal Place of Business

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28 The Esplanade

Perth, Western Australia 6000

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Share Registrars

Automatic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange

Code: VIC, VICOA

Your Directors submit the financial report of Victory Mines Limited ('Company') and its wholly owned subsidiary Cobalt Prospecting Pty Ltd (100% owned) (together referred to hereafter as "the Consolidated Entity" or "Group") for the period ended 31 December 2019.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. DIRECTORS

The names of the Directors who held office during or since the end of the period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

David Sanders	Non-Executive Director
Alec Pismiris	Non-Executive Director
Matthew Blake	Non-Executive Director (Appointed 23 October 2019)
Rohan Dalziell	Non-Executive Director (Resigned 26 November 2019)

2. RESULTS

The consolidated loss after tax for the half-year ended 31 December 2019 attributable to equity holders of the parent was \$298,337 (2018: \$11,580,156).

3. REVIEW OF OPERATIONS

HUSKY & MALAMUTE, NSW

During the period, the Company completed a successful drilling campaign at the Malamute Project. The assay results deliver significant exploration upside for the Malamute Project and critical insight on the course of future exploration.

Spring drilling campaign

The drilling campaign, completed by exploration consultants, Xplore Resources, consisted of 40 air-core drill holes for over 2,088m, with the end of hole depths ranging from 2m to 88m. The air-core drilling continued to point of refusal in all drill holes, with the exception of the deepest where moist saprolite made continuing unfeasible. In rare instances, drill holes had a shallow termination depth due to the nature of the aircore drilling and intersection of extremely competent rock units. As such, these targets remain under-explored given the anticipated depth of the mineralisation, associated with the 11km by 8km elliptical Minemoorong magnetic anomaly that lies within the Malamute tenure.

The air-core drill holes intersected significant vertical lateritic material overlying ultramafic and/or mafic units. Samples were collected from the mineralised drill holes and assayed at 1m intervals: so far, four air-core drill holes have been tested to date.

Anomalous Al₂O₃ results

The drilling campaign was initially devised to investigate the Malamute Project's potential for cobalt-scandium mineralisation. This objective was based on the similarity in the magnetic signatures from neighbours Australian Mines' (ASX: AUZ) Flemington Project, Clean Teq Holdings' (ASX: CLQ) Sunrise project and Platina Resources' (ASX: PGM) Owendale project.

However, the potential for highly elevated Al₂O₃ contents within the laterites has now been established and not without precedent within the Fifield Suite intrusions. The Al₂O₃ assays from the Malamute Project

drilling program contained standout results for Al within the tenure across all horizons coupled with widespread downhole enrichment. Notably, the elevated alumina occurs near surface (from 4m) which could allow for potential economic extraction and low overburden removal should metallurgical test-work deem the Al appropriate for the processing into HPA.

HPA is a white, granular powder form chemical that is the purest form of Al₂O₃. Moreover, amongst other important uses, HPA is the precursor for synthesising sapphire glass that is used in Apple products and other portable devices. The Malamute Project contains in-situ Al₂O₃ grades up to 28.2% (14.9% Al).

A basic analysis of the Malamute Project sample assays shows that:

- Over 22% of the samples assayed contained >20% Al₂O₃ (10.6% Al);
- Over 80% of the samples assayed contain >10% Al₂O₃ (5.5% Al); and
- Over 86% of the samples exceed the Al% content within neighbouring tenure based on regional peer assessment for projects that are reported to contain ore grade HPA (refer CLL ASX announcement dated 28 September 2018).

Although more metallurgical investigations are required for Malamute, comparisons can be drawn between Malamute and A4N's Collierina Project. For context, A4N has managed to successfully recover 4N HPA (99.99% Al₂O₃) and pure scandium as part of its aluminum solvent extraction process (refer A4N ASX announcement dated 30 November 2017). A similar approach to evaluate the deposit with bundled Al-Sc processing methodology could deliver similar upside potential for the Malamute Project. The average length values for the project are displayed in Figure 1 below.

Figure 1: Summary of Al% results from the Malamute Project exploration program

Drillhole	Interval & depth	Hole average (Al%) for all samples	Standout intercept per drillhole
MA07	35m from 14m	6.2	21m @ 11.7% Al from 14m
MA08	25m from 5m	9.3	16m @ 11.2% Al from 12m
MA09	21m from 9m	9.4	7m @ 12.3 from 14m
MA37	33m from 4m	7.1	4m @ 8.4% Al from 11m

Note:

- 1) The above results are based on length weighted averages. A conversion from the assayed Al₂O₃% to Al% has been applied (refer to the JORC (2012) Code Table 1 for more details).
- 2) All samples delivered to the ALS laboratory, have been assayed.
- 3) The air-core drilling results are suitable for the reporting of 'exploration results' for mineral prospectivity, additional exploration work would have to be completed in order to define the extent and grade in order to geologically model and then estimate a mineral resource.

Source: Xplore Resources.

Anomalous Scandium and Cobalt results

The returned assay results indicated anomalous scandium and cobalt lateritic mineralisation. Notably, drill holes MA07 and MA08 displayed high scandium results with the former returning assay values up to 380ppm Sc and 935ppm Co. A summary of the significant intercepts and grades can be found in Figure 2.

Figure 2: Significant Drillhole Intercepts showing lithology and key assay results

Hole ID	Interval & depth	Description	Average Grade
MA07	19m from 30m	Soft brown, dark brown and black ferruginous residual clay	213.2ppm Sc
MA07	7m from 31m	Soft brown, dark brown and black ferruginous residual clay	318.6ppm Sc
MA07	6m from 36m	Soft, green and distinctive yellow-green saprolite. Alteration obscuring primary fabric	400.0ppm Co
MA07	2m from 36m	Soft, green and distinctive yellow-green saprolite. Alteration obscuring primary fabric	935.0ppm Co
MA08	8m from 9m	Transported clay with quartz gravel beds from 5 m on. Iron-rich at 9m	200.0ppm Sc
MA08	3m from 14m	Transported clay with quartz gravel beds from 5 m on. Iron-rich at 9m Residual. Black-purple ironstone (& silica) requiring hammer to break through Dark brown, residual clay with minor ironstone. Brown residual clay	296.7ppm Sc

Note:

- 1) The above results are based on length weighted averages from the drillholes MA07 & MA08
- 2) The air-core drilling results are suitable for the reporting of 'exploration results' for mineral prospectivity, additional exploration work would have to be completed in order to define the extent and grade in order to geologically model and then estimate a mineral resource.

Source: Xplore Resources.

Drill hole MA07 was considered the most prospective for scandium-cobalt mineralisation, as initially this was based on the lithology which was further supported by the forementioned high-grade intercepts. The scandium-cobalt mineralisation is beneath 17m of alluvial material, where the drill hole lithology changes to weathered clays at 17m with the elevated mineralisation intercepts occurring from 19m.

The prospective scandium-cobalt assay results corresponded to the intersection of clays and/or saprolite. At 47m into MA07, the drill intercepted an ultramafic unit, which is the source rock of the overlying lateritic mineralisation.

Much of the air-core drilling programme remains to be tested, pending a technical review of the geological information for the Malamute tenure. It is anticipated that all 'End of hole' samples will be analysed to determine the nature of the Minemoorong magnetic anomaly. across a wide spectrum of potential minerals which may occur at depth. Thirty-six drill holes are pending assay and are expected to undergo analytical testing once following a further technical review.

Data interpretation

The inaugural air-core drilling campaign has further added to the Company's understanding of the significant Minemoorong magnetic anomaly. Notably, the peaks in the south-eastern portion of the anomaly proved most interesting. They had alluvial cover and deep weathering profiles, with all four assayed drill holes central to the southern magnetic anomaly peak. The drill holes to the north had relatively shallow alluvial cover and compacted sediments which contributed to the air-core drilling terminating at shallow depths due to refusal.

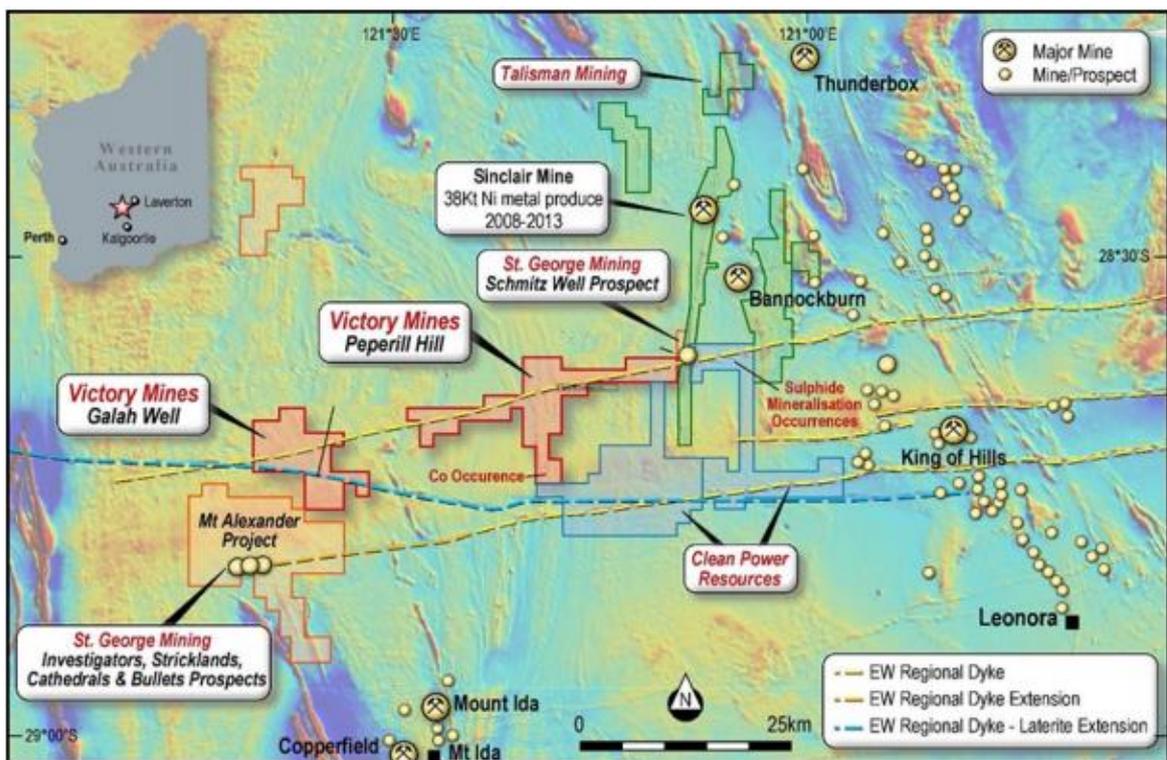
GALAH WELL & PEPERILL HILL, GOLDFIELDS WA

During the period, a field reconnaissance program was conducted at the Company's Galah Well and Peperill Hill tenements.

The Rock chip samples confirmed the presence of a Mg-rich dyke trending through the tenement package and geochemical alteration indicative of orogenic gold mineralisation.

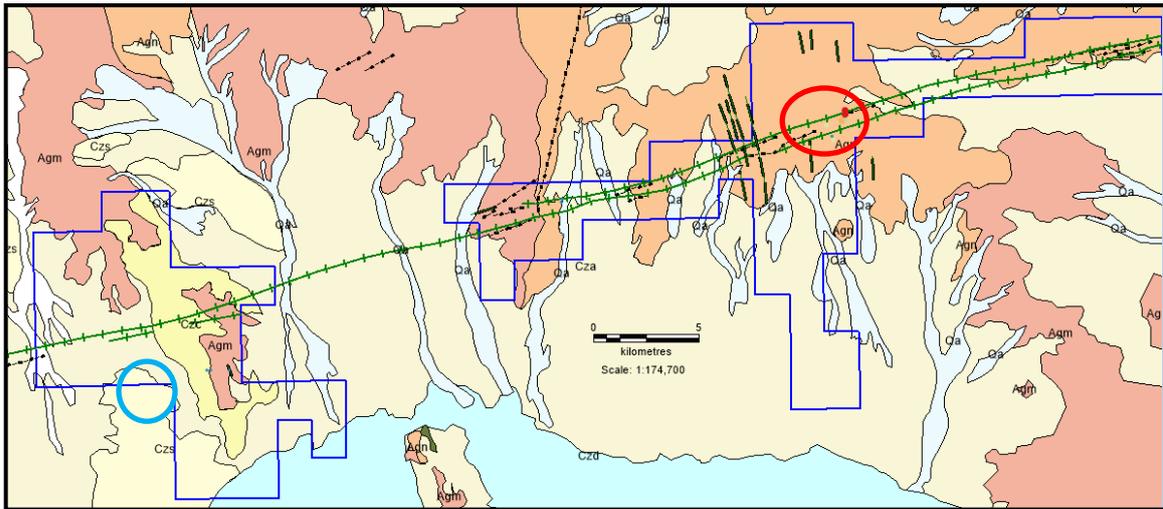
The Galah Well & Peperill Hill projects are located in a region which is highly prospective for nickel copper mineralisation (Figure 3). Notably, St George Mining (ASX: SQG) has been successfully developing its Mt Alexander nickel-copper project¹ and achieving respectable drilling results, while Talisman's (ASX: TLM) Sinclair Mine produced 38,000t of nickel² between 2008-13.

Figure 3: Galah Well & Peperill Hill Projects vs peers in WA Goldfields



Source: VIC geology team

Figure 4: Location of samples showing high chrome results (Red Circle) while orogenic signatures detected at Galah Well (Blue Circle)



Source: VIC geology team

On 3 March 2020, the Company announced the commencement of a regional soils program at the Galah Well (E29/1023) and Peperill Hill (E29/1024) tenements.

Following encouraging results obtained from a field reconnaissance program completed in October 2019 (refer to ASX announcement on 4 December 2019), Victory has engaged a specialist contractor to undertake the collection of 1,982 samples for the purposes of multi-element analysis.

The program will focus on four areas recognised as shallow residual soils and designed to identify anomalism associated with cobalt and other styles of mineralisation.

BONAPARTE, KIMBERLEY REGION WA

The Company previously undertook a thorough desktop review of the Bonaparte project which included an analysis of the historical exploration and known geology. The outcome of this review was the decision to relinquish tenement E80/4964, the partial surrender of E80/4901 and the formulation of an exploration-drilling program for the remaining ground.

Historical gravity survey work undertaken at the Bonaparte project has verified targets for copper anomalism that reconcile with historic rock-chip samples.

During the period the Company continued a search for a strategic investor to form a joint-venture to develop the Bonaparte project.

LAVERTON, WA

The Company's efforts to divest the Laverton project were unsuccessful, therefore during the period the Company surrendered the tenement.

4. Corporate

During the period, the Company completed a fully subscribed rights issue, and issued 1,595,232,174 ordinary shares, raising \$1,370,339 (net of costs).

On 25 November 2019, 600,000 unquoted options, exercisable at \$0.05, expired.

On 27 November 2019, 30,000,000 ordinary shares were issued in lieu of services rendered, valued at \$30,000 and 175,000,000 placement options were issued, exercisable at \$0.002 on or before 20 December 2024, raising \$17,500.

On 20 December 2019, 142,857,143 performance shares were converted to ordinary shares and 71,428,572 quoted options exercisable at \$0.02 on or before 28 December 2020 were issued.

At the end of the period the Consolidated Entity had \$1,053,243 in cash and the Company had the following securities on issue:

- 3,131,321,491 fully paid ordinary shares;
- 675,180,585 quoted options exercisable at \$0.02 on or before 28 December 2020;
- 1,100,000 unquoted options exercisable at \$0.05 on or before 27 November 2020;
- 66,666,668 unquoted options exercisable at \$0.003 on or before 31 May 2022; and
- 175,000,000 unquoted options exercisable at \$0.002 on or before 20 December 2024.

5. Changes in State of Affairs

On 23 October 2019, Mr Matthew Blake was appointed as Non-Executive Director.

On 26 November 2019, Mr Rohan Dalziell resigned as Non-Executive Director.

On 3 December 2019, Dr Dane Etheridge resigned as Company Secretary and Mr Scott Mison was appointed as the new Company Secretary.

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

6. Events Subsequent to Reporting Period

No matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect:

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

7. Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 9 and forms part of this Directors' Report for the period ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



Alec Pismiris

Non-Executive Director

Dated this 12th day of March 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Victory Mines Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
12 March 2020



N G Neill
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
Revenue			
Interest revenue		1,662	1,155
Expenses			
Administration expenses		(43,133)	(263,700)
Corporate expenses		(88,906)	(262,162)
Exploration expenditure		(10,000)	-
Impairment of exploration expenditure	(3)	(156,625)	(11,053,914)
Depreciation		(1,335)	(1,535)
Total Expenses		(298,337)	(11,580,156)
Loss before income tax expenses		(298,337)	(11,580,156)
Income tax expense		-	-
Loss after income tax for the half-year		(298,337)	(11,580,156)
Other comprehensive income for the half-year			
Other comprehensive income for the half-year, net of income tax		-	-
Total comprehensive loss for the half-year		(298,337)	(11,580,156)
Basic and Diluted Loss per share (cents per share)		(0.01)	(0.94)

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Consolidated 31 December 2019 \$	Consolidated 30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,053,243	128,982
Trade and other receivables		56,530	42,227
Other assets		25,961	41,476
Total Current Assets		1,135,734	212,685
Non-Current Assets			
Plant and equipment		4,435	5,770
Exploration and evaluation expenditure	(3)	229,585	155,517
Total Non-Current Assets		234,020	161,287
Total Assets		1,369,754	373,972
LIABILITIES			
Current Liabilities			
Trade and other payables	(4)	122,777	246,497
Total Current Liabilities		122,777	246,497
Total Liabilities		122,777	246,497
Net Assets		1,246,977	127,475
EQUITY			
Issued capital	(5)	24,046,125	20,645,786
Reserves	(6)	7,571,397	9,553,897
Accumulated losses		(30,370,545)	(30,072,208)
Equity attributable to the owners		1,246,977	127,475
Total Equity		1,246,977	127,475

The accompanying notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018	20,283,761	9,457,715	(16,981,306)	12,760,170
Comprehensive income				
Loss for the period	-	-	(11,580,156)	(11,580,156)
Other comprehensive income		-		
Total comprehensive income for the period	-	-	(11,580,156)	(11,580,156)
Transaction with owners, in their capacity as owners, and other transfers				
Options Issued	-	-	-	-
Share based payment	-	-	-	-
Shares issued during the period (net of costs)	-	-	-	-
Balance at 31 December 2018	20,283,761	9,457,715	(28,561,462)	1,180,014
Balance at 1 July 2019	20,645,786	9,553,897	(30,072,208)	127,475
Comprehensive income				
Loss for the period		-	(298,337)	(298,337)
Other comprehensive income		-		
Total comprehensive income for the period		-	(298,337)	(298,337)
Transaction with owners, in their capacity as owners, and other transfers				
Shares issued (net of costs)	1,370,339	-	-	1,370,339
Options issued	-	17,500	-	17,500
Shares issued – conversion of Performance shares	2,000,000	(2,000,000)	-	-
Shares issued for services rendered	30,000	-	-	30,000
Balance at 31 December 2019	24,046,125	7,571,397	(30,370,545)	1,246,977

The accompanying notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

		31 December 2019	31 December 2018
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(224,198)	(500,093)
Payments for exploration and evaluation expenditures		(240,693)	(238,006)
Interest received		1,662	1,155
Net cash used in operating activities		(463,229)	(736,944)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment		(349)	(4,030)
Net cash used in investing activities		(349)	(4,030)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	5	1,595,232	-
Payment for cost of issue of securities	5	(224,893)	-
Issue of options	6	17,500	-
Net cash provided by financing activities		1,387,839	-
Net increase/(decrease) in cash and cash equivalents		924,261	(740,974)
Cash and cash equivalents at the beginning of the half-year		128,982	818,553
Cash and cash equivalents at the end of the half-year		1,053,243	77,579

The accompanying notes form part of this financial report.

1. Basis of Preparation of Half-Year Financial Report

(a) Statement of compliance

These financial statements and notes represent those of Victory Mines Limited and Controlled Entities (the “Group”). The half-year financial report, for the 6 months ended 31 December 2019, is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Victory Mines Limited (the Company) is a for profit public Company listed on the Australian Securities Exchange (trading under the code: VIC), incorporated and domiciled in Australia.

The financial report was authorised for issue on 12th March 2020 by the board of directors.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(d) Critical Accounting Estimates and Judgements

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

Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

(e) Application of new and revised Accounting Standards
New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2019.

AASB 16 *Leases* became mandatorily effective on 1 January 2019. Accordingly, this standard applies for the first time to this set of financial statements. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company's accounting policies.

Any new or amended standards and interpretations that are not yet mandatory have not been early adopted, as the impact is not material to the Group.

(f) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. Financial Instruments

The Consolidated Entity's financial instruments consist of those which are measured at amortised cost including trade and other receivables and trade and other payables. The carrying amount of these financial assets and liabilities approximate their fair value.

3. Exploration and evaluation expenditure

	Consolidated 31 December 2019 \$	Consolidated 30 June 2019 \$
Costs carried forward in respect of Exploration and Evaluation Expenditure:		
Exploration at cost		
Balance at beginning of period	155,517	12,218,338
Costs capitalised during the period	230,693	192,012
Impairment of exploration expenditure*	(156,625)	(12,254,833)
Balance at end of period	229,585	155,517

* The Company assessed its exploration projects for impairment as at 31 December 2019 in accordance with AASB 6 *Exploration and Evaluation of Mineral Resources* and determined an impairment loss of \$156,625 (30 June 2019: \$12,254,833). The impairment loss for the current period relates E38/3075, the Laverton project, which has been surrendered. The 30 June 2019 balance includes an impairment loss of \$11,053,914 that was recognised at 31 December 2018. The impairment related predominantly to the carrying value of the acquisition of Cobalt Prospecting Pty Ltd.

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

4. Trade and other payables	Consolidated 31 December 2019	Consolidated 30 June 2019
Current	\$	\$
Trade creditors	100,251	166,411
Sundry payables and accrued expenses	22,526	80,086
Total Trade and other payables	122,777	246,497

5. Issued Capital	Consolidated 31 December 2018	Consolidated 30 June 2019
	\$	\$
Opening contributed equity	20,645,786	20,283,761
Conversion of convertible notes	-	200,000
Rights issue	1,595,232	211,948
Shares issued for services rendered	30,000	-
Shares issued – performance shares converted to shares	2,000,000	-
Less: Share Issue Costs	(224,893)	(49,923)
Closing contributed equity	24,046,125	20,645,786

(a) Issued Capital

	31 December 2019	30 June 2019
	Number	Number
On issue at 1 July	1,363,232,174	1,225,916,246
Conversion of convertible notes	-	66,666,668
Rights issue	1,595,232,174	70,649,260
Shares issued for services rendered	30,000,000	-
Shares issued – conversion of Performance shares	142,857,143	-
Balance at end of the period	3,131,321,491	1,363,232,174

(b) Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 675,180,585 quoted options exercisable at \$0.02 on or before 28 December 2020;
- 1,100,000 unquoted options exercisable at \$0.05 on or before 27 November 2020;
- 66,666,668 unquoted options exercisable at \$0.003 on or before 31 May 2022; and
- 175,000,000 unquoted options exercisable at \$0.002 on or before 20 December 2024.

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

5. Issued Capital (continued)

(c) Earnings per share

	31 December 2019 Cents per share	31 December 2018 Cents per share
Basic and diluted loss per share	(0.01)	(0.94)

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

	\$	\$
Loss	(298,337)	(11,580,156)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,011,103,125	1,225,916,246

As the Company is in a loss position the options outstanding at 31 December 2019 have no dilutive effects on the earnings per share calculation.

6. Reserves

	Consolidated 31 December 2019 \$	Consolidated 30 June 2019 \$
(a) Option Reserves		
Opening reserves	9,553,897	9,457,715
Fair value assessment - options issued	17,500	96,182
Fair value assessment - performance shares converted to shares	(2,000,000)	-
Closing reserves	7,571,397	9,553,897

7. Subsequent Events

No matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect:

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

8. Commitments

Exploration commitments

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

	31 December 2019	30 June 2019
	\$	\$
Not Longer than 12 months	291,125	469,500
Between 12 months and 5 years	333,858	481,338
Over 5 years	-	-
	624,983	950,838

9. Contingent Assets and Liabilities

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

In the opinion of the Directors, there were no other contingent assets or liabilities as at 31 December 2019.

10. Financial reporting by segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity is managed on the basis of one geographical segment being Australia (31 December 2018: two geographical segments being Australia and Bolivia), and two business segments being mineral exploration and development and treasury (31 December 2018: two business segments being mineral exploration and development and treasury).

On 18 September 2018, the Company deregistered its subsidiary in Bolivia, Andean Tin Mining S.R.L.

Accounting policies adopted

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

Inter-segment transactions

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

Segment assets

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

Segment liabilities

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

10. Financial reporting by segments (continued)

Unallocated items

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

- Head office and other administrative expenditure

Period Ended	Exploration	Treasury	Total
31 December 2019	Australia		
	\$	\$	\$
Segment revenue	-	1,662	1,662
Segment results	(166,625)	-	(166,625)

Amounts not included in segment results but reviewed by Board:

Administration expenses	(43,133)
Corporate expenses	(88,906)
Depreciation	(1,335)
Loss before income tax	(298,337)

Period Ended	Exploration	Exploration	Treasury	Total
31 December 2018	Australia	South America		
	\$	\$	\$	\$
Segment revenue	-	-	1,155	1,155
Segment results	(11,053,914)	-	-	(11,053,914)

Amounts not included in segment results but reviewed by Board:

Administration expenses	(263,700)
Corporate expenses	(262,162)
Depreciation	(1,535)
Loss before income tax	(11,580,156)

10. Financial reporting by segments (continued)

Segment assets and liabilities

As at 31 December 2019	Exploration Australia \$	Treasury \$	Total Operations \$
Segment assets			
- Cash and cash equivalents	-	1,053,243	1,053,243
- Exploration expenditure	229,585	-	229,585
<i>Reconciliation of segment assets to total assets</i>			
Trade and other receivables	-	-	56,530
Plant and equipment	-	-	4,435
Other assets	-	-	25,961
Total assets			1,369,754

Segment liabilities

Reconciliation of segment liabilities to total liabilities

Trade and other payables	-	(122,777)	(122,777)
Total liabilities			(122,777)

30 June 2019	Exploration Australia \$	Exploration South America \$	Treasury \$	Total Operations \$
Segment assets				
- Cash and cash equivalents	-	-	128,982	128,982
- Exploration expenditure	155,517	-	-	155,517
<i>Reconciliation of segment assets to total assets</i>				
Trade and other receivables	-	-	-	42,227
Other assets	-	-	-	41,476
Plant and equipment	-	-	-	5,770
Total assets				373,972
Segment liabilities				
<i>Reconciliation of segment liabilities to total liabilities</i>				
Trade and other payables	-	-	-	246,497
Total liabilities				246,497

11. Interests in controlled entities

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

Name	Country of incorporation	Class of share	Equity holding	
			31 December 2019	30 June 2019
Cobalt Prospecting Pty Ltd	Australia	Ordinary	100%	100%

12. Transactions with related parties

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

	31 December 2019	31 December 2018
<i>Payable to Related Parties</i>	\$	\$
Highwest Capital Pty Ltd – Rohan Dalziell	15,000	-
Lexcon Services Pty Ltd – Alec Pismiris	18,000	-

DIRECTORS' DECLARATION

In the opinion of the directors of Victory Mines Limited ("the Consolidated Entity"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s305(5) of the Corporations Act 2001.



Alec Pismiris
Non-Executive Director
Dated this 12th day of March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Victory Mines Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Victory Mines Limited (“the company”) which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors’ declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Victory Mines Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors’ responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2020

Norman Neill

N G Neill
Partner