VICTORY WEST
METALS LIMITED

ANNUAL REPORT 2011

For Victory West Metals Limited And Controlled Entities

ABN 66 009 144 503

Contents

Corporate Directory

VICTORY WEST METALS LIMITED
ABN 66 009 144 503
(Incorporated in Western Australia)

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Mr Steven Pynt – Non-executive Chairman
Mr Michael Scivolo - Non-executive Director
Mr Wayne Knight - Non-executive Director
Mr Luke Martino – Company Secretary

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West Perth
Western Australia 6005

SHARE REGISTRY
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STOCK EXCHANGE LISTING
ASX Limited
ASX Code – VWM & VWMOA

Letter to Shareholders

Dear Shareholders,

On behalf of the Board of Directors I present the 2011 annual report for Victory West Metals Limited. It has been a very active year in evaluation and project assessment amongst great turbulence in global financial markets

As it stands today the Company has repositioned itself to take part in:-

1). the rapidly growing Indonesian Coal Sector; continuing the focus on high valuable resource projects in the region. As announced, subject to due diligence this transaction will be put before shareholders at a forthcoming General Meeting for approval;

2). Advancing the highly prospective Malala Molybdenum project in Sulawesi, Indonesia with the China Guangshou Group.

In parallel, the Company evaluated and explored other complementary projects as announced to the market including, Nickel projects in South Sulawesi, copper / gold projects and other resources opportunities in accordance with the diversification and strategic decision to evaluate and acquire valuable resource projects.

The strategy of facilitating and funding world class resource projects and introducing major partners remains the focus of the Board.

We welcome the South East Asia Energy Resources (Singapore) Group (SEAE) led by Mr. Gary Williams. The SEAE team will combine with the VWM management and consultant team going forward to build significant JORC certifiable resources and production. It is proposed that at the completion of the transaction Mr. Gary Williams will become the Chief Executive Officer of VWM and we look forward to this positive appointment and his team's contribution to the growth of the assets owned by VWM.

I would like to thank the Board, staff and consultants both in Australia and overseas, in particular Indonesia and the Province of Toli Toli for their contribution during the year and for their ongoing commitment. Importantly we value our long term relationship with the Bupati of Toli Toli and the Governor of Sulawesi and we look forward to another productive year of working with them.

I draw your attention to the Operational Report included herewith which discusses our project in detail and I also encourage you to regularly visit our website at www.victorywest.com.au for all of our ASX announcements, project updates and information.

We look forward to meeting our shareholders at the upcoming Annual General Meeting.

On behalf of the Board of Directors

Steven Pynt LLB MBA
Chairman

30 September 2011

Review of Operations

The Consolidated entity's activities are contained in releases to the ASX on a quarterly basis and can be obtained from our website www.victorywest.com.au

Throughout the year, the Company has continued to execute its vision of finding, proving and extracting value from world class resource projects in South East Asia and while the Company continues to focus on its cornerstone asset the Malala Molybdenum Project in Sulawesi, Indonesia, the Company, as announced on 9 September 2011, has begun expanding its focus through securing the rights to acquire a 85% interest the in the highly prospective BEK Coal Project in East Kalimantan, subject to due diligence and shareholder and regulatory approvals if required.

On the 14 March 2011, the Company adopted its new name of Victory West Metals Limited reflecting its resources diversification strategy.

Key Highlights

Notable achievements during the twelve month period include:

- On 3 September 2010, the Company entered into a MOU with China Guangshou Group Corp (CGGC), whereby CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Project into large scale commercial production by 2016.
- In late October 2010, the Company executed a more formal MOA with CGGC in Xiamen, China followed by a signing ceremony in Perth with a number of Government Officials.
- In December 2010, the Company finalised the acquisition of the remaining 25% interest in Victory West Pty Ltd ("VW P/L") taking the Company's interest in the Malala Project from 71.25% to 95% (prior to the proposed CGGC transaction).
- On 23 February 2011, the Company received the first $500,000 tranche Commitment Fee from CGGC for the Malala Project.
- The successful raising of $4.15million during November to December 2011;
    - $2.5million placement at ($0.12) to clients of Convergence Capital Corporation
    - $1,580,000 through the issue of Convertible Loans during November and December 2010.
- In February 2011, the Company secured the right (subject to due diligence) to acquire via way of equity earn-in a 75% equity interest in the highly prospective Sasak Copper/Gold project located in the Toraja province, South Sulawesi. The Company continues to work with the Vendors to progress this forward.
- On the 14 March 2011, the Company adopted its new name of Victory West Metals Limited
- In April 2011, the Company undertook negotiations with the Indonesian vendors of the USSU nickel project, which subsequently resulted in the reaching of settlement on the 10 June with the repayment of all loans by the Indonesian vendors.

Malala Molybdenum Project, Sulawesi, Indonesia

The Malala Project is located in the Toli Toli Regency of Central Sulawesi Province, Indonesia, approximately 150km to the north of Palu (Figure 1). The project comprises five IUP concessions: PT Inti Cemerlang, PT Promistis, PT Era Moreco, PT Sembilan Sumber Mas & PT Indo Surya. The total area forming the Malala Project is in excess of 240km2 (Figure 2) spread across the five concessions all of which are located within 15km of the coast.

Since acquisition, VWM has worked diligently at compiling and reviewing the historical data and re-initiating the exploration process. The majority of work has targeted Anomaly B, the key area of Rio Tinto/Santos exploration efforts in the 1970's and 1980's. Rio Tinto had defined a non-JORC compliant resource at Anomaly B which is the basis of VWM's exploration target of 105-115Mt @ 660-900ppm Mo[1]. In FY2009, VWM began the task of proving up this initial resource target, with this work continuing throughout FY2011. The Company has significantly advanced its understanding of the Anomaly B prospect area, with detailed trenching and geophysical surveying making large contributions to this improved understanding during the financial year.

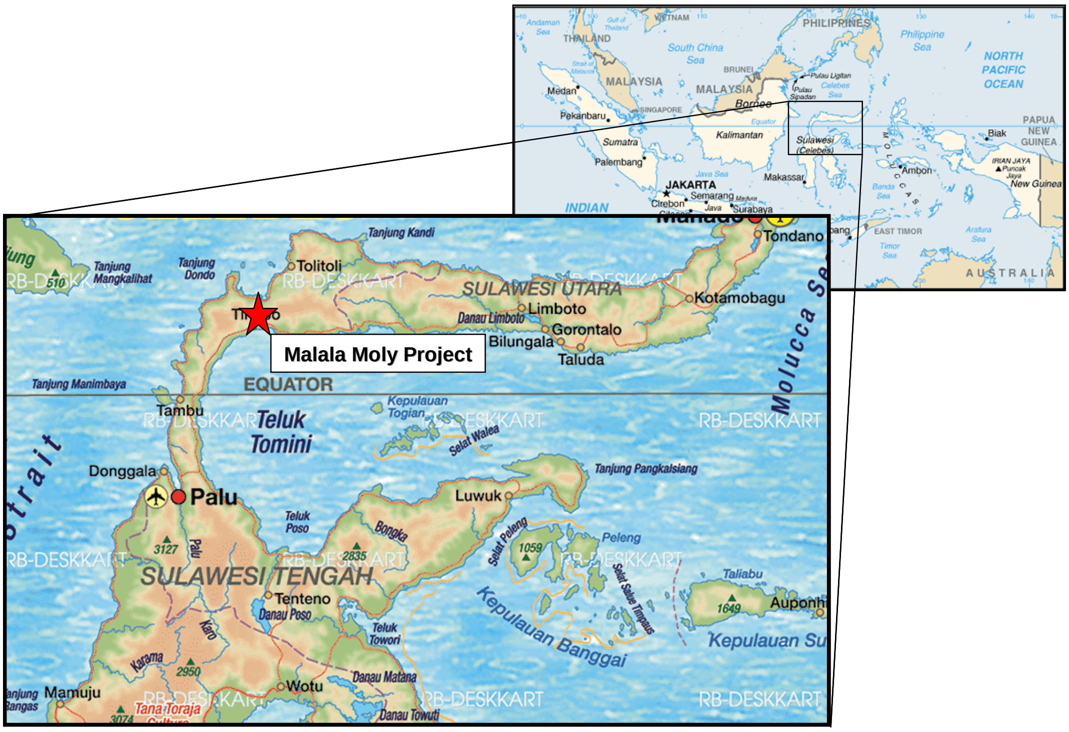

Figure 1 – Location of Malala Molybdenum Project in northern Sulawesi, Indonesia.

[1] *In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is based on exploration, evaluation and resource definition work performed by Rio Tinto, Santos and VWM.*

During the year, the Company continued to undertake a number of exploration programs to evaluate the size and grade of the main target area identified as Anomaly B within the PT Inti Cemerlang concession. In addition to this, a regional exploration programs were undertaken at PT Promistis and the other concessions, which has seen several anomalous geochemical anomalies, which has shown some early promise and requires further investigation.

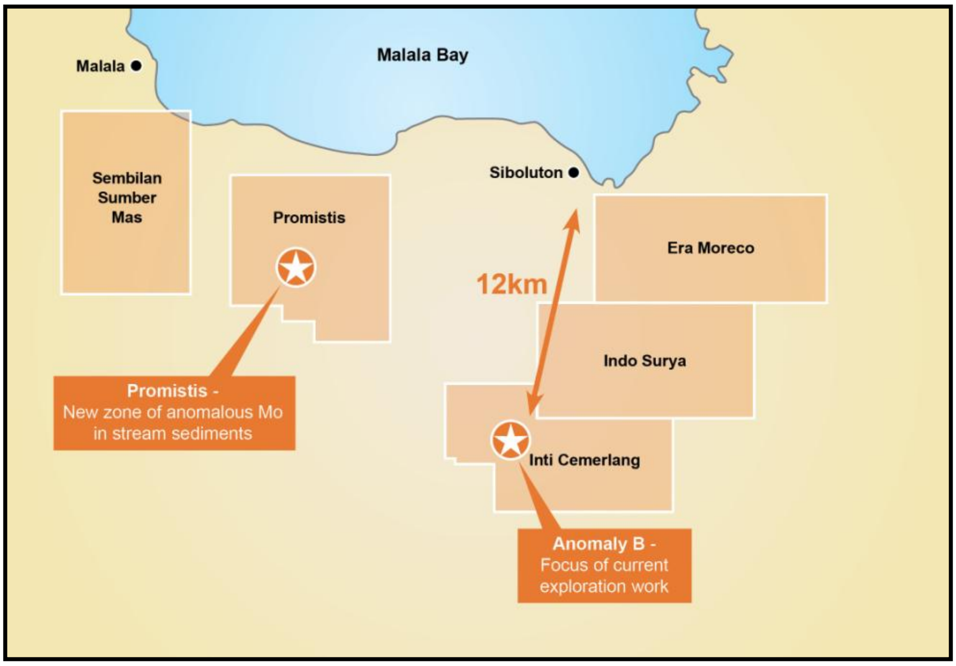

Figure 2 – Malala Molybdenum Project area

China Guangshou Group Corp

On 3 September 2010 the Company announced that it had entered into a Memorandum of Understanding ("MOU") with China Guangshou Group Corp ("CGGC") that, subject to due diligence, CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Molybdenum Project into large scale commercial production by 2016.

Under the terms of the agreement, the Company and the Company's local BUMD (Regency owned enterprise) partner are to be free carried to large scale production (as defined below). As a result, the Company (through its group structure) and BUMD will hold a direct or indirect interest of 27.5% and 5% respectively. A further 2.5% interest will be acquired by local Indonesian Chinese interests.

In late October 2010, the Company executed a more formal MOA in Xiamen, China followed by a signing ceremony in Perth, whereby CGGC is to acquire a 65% interest in the Malala Molybdenum Project.

During the sole funding period, GGGC have undertaken to meet certain milestones, including but not limited to the following;

Stage	Deliverable
Stage 1: Exploration	• A minimum of 10,000 metres drilling to be reviewed by a geological consulting group of international standard • Definition of a suitable 43-101 / JORC resource that is capable of commercial production
Stage 2: Construction/Development	• Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure
Stage 3: Production	• Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months • Subject to a total resource of no less than 150 million tons at 840ppm Mo CGGC will commence large scale production (open pit) by 2016.

On 23 February 2011, the Company received the first $500,000 tranche Commitment Fee from CGGC for the Malala Molybdenum Project.

The Company completed a variation and extension agreement with CGGC as announced to the market.

The Company continues to work with CGGC and key Indonesian Government groups to secure the required administration letters that are required to move the joint venture to the next stage.

Granting of Production & Operational Licenses & Extension of Exploration Licenses

On 20 September 2010, the Company announced the successful grant of Production and Operational (Exploitation) IUP licenses for Inti Cemerlang and Promistis the two most strategic concessions that form the core of the Malala Molybdenum Project. The Production and Operation IUP allows for the commercial extraction of Molybdenum from the concession areas for a period of 20 years (renewable for a further 10 – 20 years).

In addition, 3 year exploration IUP license extensions were granted for PT Era Moreco, PT Indo Surya Moreco and PT Sembilan Sumber Mas concessions.

The conversion of PT Inti Cemerlang, PT Promistis, PT Era Moreco, PT Semilan Sumber Mas and Pt Indo Surya into Indonesia foreign investment companies (“PMA Companies”) is now underway. It is expected that PT Inti Cemerlang will be the first company converted to a PMA company.

Acquisition of the remaining 25% Interest in Victory West Pty Ltd

In December 2010, the Company finalised the acquisition of the remaining 25% interest in Victory West Pty Ltd (“VW P/L”) taking the Company’s interest in the Malala Molybdenum project from 71.25% to 95% (prior to the proposed CGGC transaction).

Noviendiono Copper/Gold Project

On 27 January 2011 the Company announced that it had, subject to due diligence secured the rights to acquire via way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi.

The Project is located in a known porphyry province and the geological setting is favorable for the exploration of both porphyry Copper-Gold style mineralization and more discrete zones of higher grade gold mineralization.

Previous exploration at the project area include numerous Dutch exploration Adits, which were excavated early in the 1900's exploiting copper, gold and lead from high grade quartz veins.

The project has three key areas considered to be highly prospective;

- Gold mineralisation (from Dutch exploration adits)
- Porphyry/ Diatreme Breccia (prospective for copper/gold)
- Numerous additional previously unexplored targets

Significant previous exploration results including:

- 34.20m (141.80-176.00 m) @ 3.05 g/t Au, including: 4.00 m (143.80-147-80 metres) @ 14.70 g/t Au, and 4.00 metres (164.00-168.00) @ 9.14 g/t Au.
- Copper intersections of 4.00m @ 0.48% Cu and 22.00m @ 0.18% commencing at 120.00m depth.
- Dutch workings in the area indicate high gold or copper grades in hydrothermal veins

During the fourth quarter of FY 2011, the Company undertook an intensive 40 day field work program under the supervision of the Company's consulting geologist Mr Brett Gunter B.app.Sc (Geol) MAusIMM (GMT Indonesia). In addition 6 senior geologists from the Malala project were also mobilised for the work program.

The team surveyed approximately 5,000 hectares of the Concession and collated data on in-situ rock outcrop formations, previous historical drilling and 12 Dutch Adits. Additionally, a number of samples were collected from prospective zones encountered during mapping that will allow for assessment of the potential and distribution of mineralisation within the mapped concession areas

The Company continues to work with the vendors to advance the project forward if legal and technical due diligence requirements are satisfied.

USSU Nickel Project

On the 27 August 2010, the Company announced that it had entered into agreements to acquire a 70% equity interest in PT. Primara Utama that owns a highly prospective direct shipping ore (DSO) nickel project in South Sulawesi, Indonesia known as the USSU Nickel Project.

The Company undertook significant due diligence and exploration work on the USSU Nickel Project. During the March 2011 quarter, the Company announced a reassessment of the project based on the technical review demonstrating a need to further expand on exploration activities to build a certified resource, which would be required prior to raising a significant level of equity funding.

To that end the Company adopted a prudent course of action in the best interests of all parties to renegotiate the terms of the agreement. Subsequently on 10 June 2011, Victory West announced that a settlement had been reached with the Indonesian Vendors of the USSU Nickel Project and all loans advanced to the vendors in relation to the project were repaid.

Subsequent Events

On the 9th September 2011 the Company announced that it had signed a Heads of Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), a special purpose company registered in Singapore that has the rights to an 85% interest in the BEK coal project in East Kalimantan, Indonesia. In addition the SEAE group brings a pipeline of 9 coking and thermal Coal concessions in East Kalimantan and initial off take agreements for 200,000 tonnes per month with major global parties.

Importantly, subject to due diligence and if approved by shareholders and regulatory authorities, the SEAE team will combine with the VWM management and consulting team to create an experienced and extensive team in Indonesia mining operations and engineering that will target significant JORC certifiable resources and production.

On 21 September 2011, Dempsey Resource Pty Ltd and the Company agreed to extend the Convertible Note until 15 November 2011.

Subsequent to the end of the financial year, the company has repaid $25,000 of convertible loans.

On 29 September 2011, the company received a letter alleging an amount due of US$250,000 in relation to Oceantide Investments Pty Ltd transaction. The Company is currently reviewing this claim and as at the date of this report is unable to ascertain the likely financial impact this claim may have on the Company.

JORC Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserves(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource. In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is based on exploration, evaluation and resource definition work performed by previous owners Rio Tinto and Santos. Victory West Metals have undertaken exploration work including surface mapping, trenching and geochemical surveying (soil, rock and stream sediment geochemistry), geological logging and assaying of diamond drilling and geological modeling within the areas previously defined by Rio Tinto and Santos which is demonstrating results consistent with previous outcomes presented by Rio Tinto and Santos.

Competent Persons Statement

The data in this report that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Gunter is a fulltime employee of GMT Indonesia and he consents to the inclusion in the report of the Exploration Results and/or Mineral Resource and/or Reserve in the form and context in which they appear.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Victory West Metals Limited (“Victory West” or “the Company”) support the Corporate Governance Principles and Recommendations (“Principles and Recommendations”) as issued by the Australian Stock Exchange Corporate Governance Council (CGC).

The Board of directors of Victory West is responsible for the corporate governance of the entity and endorses the need for high standards of corporate governance. The Board guides and monitors the business and affairs of Victory West on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has formalised its corporate governance framework which it considers suitable given the size, history and strategy of the Company. The Board will keep its corporate governance practices under review and will ensure that the necessary policies are adopted as required by the Company.

In accordance with ASX Listing Rule 4.10.3, Victory West is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Victory West has not followed a recommendation, this has been identified and an explanation for the departure has been given in compliance with the “if not, why not” regime.

The table below summarises the Company’s compliance with the CGC’s recommendations.

	Compliance CGC recommendations	If not, why not disclosure
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1	✓	
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5		✓
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4		✓
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3		✓
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2		✓
Recommendation 8.3	✓	

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

This recommendation is satisfied.

The Company's Board Charter together with updated financial statements will be given to any new Director, all of which will set out details in respect of:

- The Company's financial, strategic and operational position;
- Each Director's rights, duties and responsibilities;
- The role of the Board and Management.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

This recommendation is satisfied.

Given the size of the Company, there are relatively few executives employed by the Company, however each will be subject to an annual performance evaluation. The performance target for each executive is currently aligned to the business targets of the Company in accordance with the position of the relevant executive.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Company is delegated, by the Board, to the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive management team.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

This recommendation is satisfied.

Recommendation 2.2: The chair should be an independent director.

This recommendation is satisfied.

Recommendation 2.3: The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.

This recommendation is satisfied.

Recommendation 2.4: The board should establish a nomination committee.

This recommendation is not satisfied.

Given the size of the Company and its Board, the Directors consider that any efficiency achieved by the establishment of a nomination committee would be minimal, thereby not making establishment cost effective. For this reason the Board performs the role of the nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

This recommendation is not satisfied.

The Directors of the Company otherwise consider that due to the size of the Company and its Board a formal review procedure is not appropriate at this point in time and has instead adopted a self-evaluation process to measure its own performance. A system to fairly review and actively encourage enhanced Board and management effectiveness is being considered.

The need for access to supporting equity and skills as required, and a flexible cost structure are greater imperatives for the Company as an exploration company, than the largely mutually exclusive concept of independence, which is much more relevant to larger corporations with substantial workforces.

However, as the Company moves to become a minerals producer the concept of independence will become more relevant. Whilst the Company will progressively increase the independence of its Directors over time, compliance with the best practice in this area is not considered a current imperative, due to the additional direct cost of employing such Directors, the view that there would not be an increase in Board skills (only independence), and the risk that inefficiency will occur in the Board decision making process whilst the independent Directors become familiar with the Company's business.

All assessments as to whether a Director is independent are to be made by the Board in such manner as it determines from time to time. The Company has adapted the definition of independence developed by Investment and Financial Services Association Limited ("IFSA") in its Corporate Governance, A Guide for Fund Managers and Corporations – Blue Book.

The Chairman of the Board is responsible for the leadership of the Board, ensuring that Board activities are organised and efficiently conducted and for setting the agenda for Board meetings. Under the Company's constitution, the maximum term for a director before they must be re-elected by the members is three years.

The Board has not established separate committees for Audit and Risk Management, Remuneration and Nomination. The Company is not of a sufficient size is not of a size, nor is the affairs of a complexity sufficient to warrant the existence of separate committees. All matters which could be delegated to such committees are dealt with by the full Board.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the company's integrity**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

This recommendation is satisfied.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

This recommendation is not satisfied.

Diversity includes, but is not limited to gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

However, given the size of the Company and its Board, the Company's Corporate Governance Plan at 30 June 2011 does not include a policy specifically addressing diversity. The Board does not consider it necessary to have a diversity policy but will consider implementing one in the future.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

This recommendation is not satisfied.

Refer to recommendation 3.2.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

This recommendation is not satisfied.

Refer to recommendation 3.2.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee.

This recommendation is not satisfied.

Given the size of the Company and its Board, it is not of a size to require an audit committee and the duties normally performed by an audit committee are undertaken by the Board as whole. The Company's Auditors attend the Annual general Meeting, at which time they are available to answer shareholder questions in relation to their audit.

Recommendation 4.2: The audit committee should be structured so that it:

- **consists only of non-executive directors**
- **consists of a majority of independent directors**
- **is chaired by an independent chair, who is not chair of the board**
- **has at least three members.**

This recommendation is not satisfied.

Refer to recommendation 4.1.

Recommendation 4.3: The audit committee should have a formal charter.

This recommendation is not satisfied.

Refer to recommendation 4.1.

The integrity of the Company's financial reporting is a critical aspect of Victory West Metal's corporate governance and structures have been implemented during the reporting period to verify and safeguard the integrity of the Company's financial reporting.

It is the policy of the Board that the Company's financial statements be reviewed or Audited, at a minimum, each half year. The Company does not have a formalised audit committee; instead all Directors are responsible for the financial statements.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

This recommendation is satisfied.

The Company has a comprehensive disclosure policy to comply with the ASX Listing Rules regarding the public disclosure of material information. The aim of this policy is to ensure that the Company release price-sensitive information in a timely manner.

The Company will immediately notify the market by announcement to the ASX of any information concerning the business of the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Information about the Company is regarded as material if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities.

Officers and employees are encouraged not to rely on their judgement and to consult the Company Secretary on whether particular information is considered to be material.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

This recommendation is satisfied.

The Board respects the rights of all shareholders and, to facilitate the effective exercise of those rights, the Company is committed to effective communication with shareholders. This occurs by electronic ASX releases to the market and via a subscription facility on the Company's website.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

This recommendation is satisfied.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

This recommendation is satisfied.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

This recommendation is satisfied.

In all its activities the Company will adopt a structured and consistent approach to risk management.

Risks will be assessed and managed through an overriding policy of identification, assessment, mitigation, monitoring and communication of risks associated with its activities. The overriding policy will be based on the Australian Standard for risk management (AS4360) and will be reviewed regularly against best practice standards and the changing activities of the Company.

The level of risk management will be consistent with the Company's overall business objectives and risk appetite and tolerance.

Risk management and control will be incorporated into property protection, health, safety and environmental audits using either self assessment or outside auditors as the Company deems appropriate.

The Chairman of the Board and the CEO are responsible for the identification and management of business risks. The Board has obtained a written confirmation from the Chairman of the Board and the CEO that the statement in relation to principle 4 above is founded on a sound system of risk management and internal compliance and control.

The Board has obtained a statement confirming that the systems are operating efficiently and effectively in all material respects.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee.

This recommendation is not satisfied.

Given its size and stage in development, the Board has decided not to establish or to delegate specific authority to a remuneration committee. Responsibilities which would normally be delegated to such committees are performed by the Board as a whole. The remuneration report of the Victory West Metals which includes all directors is included within the Directors' Report. All Directors are remunerated by way of fees and the granting of options. However they do not receive bonus payments or retirement benefits. Upon retirement, there is no contractual right to further benefits other than statutory superannuation.

The Board fulfils its responsibilities to shareholders which include:

- Ensuring that remuneration policies are appropriate;
- Determining the basis for any incentive schemes for the Company;
- Reviewing as required, the compensation arrangements for directors.

Recommendation 8.2: The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members**

This recommendation is not satisfied.

Refer to recommendation 8.1.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

This recommendation is satisfied.

The Board, within the pre-approved shareholder limits, determines fees payable to individual non-executive directors.

The remuneration levels of Executive Director's are determined by the Chairman after taking into consideration those that apply to similar positions in comparable companies in Australia and Directors' possible participation in any equity based remuneration scheme. The Chairman uses industry-wide data gathered by independent remuneration experts annually as his point of reference.

Options or shares issued to Directors pursuant to any equity-based remuneration scheme require approval by shareholders prior to their issue.

The remuneration levels of senior executives and other employees are determined by the Board of Directors after taking into consideration those levels that apply to similar positions in comparable companies in Australia and employees' possible participation in any equity based remuneration scheme. The Directors will consult recruitment and remuneration experts and will, where such expenditure is not already in an approved Budget seek Board approval prior to finalising the appointment.

Options or shares issued to senior executives and other employees who are not Directors would be proposed by the Chairman and issued only after approval by the Board.

The policy will be implemented by reviewing, not less than annually, all aspects of the remuneration paid to all employees and executives to ensure that it motivates the pursuit of long-term success, a safe working environment and a culture consistent with the Company's Corporate Governance Policy and is clearly linked to individual and group performance.

Directors' Report

The Directors' present their report together with the financial report of Victory West Metals Limited and its controlled entities ("the Company" or "consolidated entity") for the year ended 30 June 2011 and the independent audit report thereon.

The Directors of the Company at any time during or since the end of financial year were:

Mr. Steven Pynt LLB MBA
Chairman and Non-Executive Director — Appointed 2 February 1995

After completing his law degree in 1980, Mr. Pynt worked with a law firm for two and a half years before joining a major accounting firm where he worked as a tax consultant. Subsequently, he established his own legal firm that later merged with a medium size Perth firm. Mr. Pynt is the Chief Executive Officer of Muzz Buzz Franchise Pty Ltd.

Currently Mr. Pynt is a non-executive chairman of Richfield International Limited for the last 5.5 years, a director of Gondwana Resources Ltd since the year 2000 and director of Global Health Ltd (formerly Working Systems Solutions Ltd) since the year 2000 and chairman for the past 5 years. All of these companies are listed on the ASX.

Mr. Michael Scivolo
Non-Executive Director — Appointed 5 February 2007

Mr. Scivolo completed a Bachelor of Commerce degree in 1971 and worked with various accounting firms as a tax consultant gaining CPA status in 1972. He became a partner in a medium size Perth practice in 1977 and has extensive experience in accounting and taxation work with corporate and non-corporate entities.

Mr. Scivolo is also a director of Sabre Resources Ltd from 3 October 2006, Blaze International Limited from 21 October 2010, Prime Minerals Limited from 21 October 2010 and Power Resources Limited from 21 October 2010.

Mr. Wayne Knight
Non-Executive Director — Appointed 3 December 2007

Mr Knight has worked in the financial services industry since 1989 and has a Diploma in Financial Planning 1, 2, 3, 4. He is an Authorised Representative of Tandem Financial Advice Limited and offers services in the areas of personal superannuation planning, managed investments, risk management, rollover and redundancy planning, wealth creation and insurances. He has held no Directorships in other listed companies in the last three years.

COMPANY SECRETARY

Mr Luke Martino
Company secretary — Appointed 30 November 2007

Mr Martino is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Institute of Company Directors.

His area of expertise includes corporate finance and business growth consulting advice to the mining and resources sector and a wide range of other industries.

Mr Martino is also a Director of Indian Ocean Advisory Group, Director of WestZone Enterprises Pty Ltd, Director and the Company Secretary for Pan Asia Corporation Ltd as well as Company Secretary of Blackgold International Holdings Ltd.

PRINCIPAL ACTIVITIES

Victory West Metals Limited is a diversified resource company seeking to create shareholder value by acquiring and operating highly valuable resource projects in Indonesia. The Company's current primary project is its rights to exploration and exploitation of the Malala Molybdenum deposit in Sulawesi, Indonesia. Please see the Review of Operations for further details of this project.

OPERATING RESULTS AND FINANCIAL REVIEW

The loss attributable to members of the parent entity after providing for income tax amounted to $3,692,694 (2010: $2,007,619).

REVIEW OF OPERATIONS

Please see "Review of Operations" section of this report.

FUTURE DEVELOPMENTS

The Company will continue to explore and evaluate its Malala Molybdenum project and subject to due diligence, a pipeline of coal projects in Indonesia.

It is not possible to estimate the future results at this stage.

DIVIDENDS

No dividends were paid or declared during the financial year ended 30 June 2011.

MATTERS SUBSEQUENT TO REPORTING DATE

On the 9th September 2011 the Company announced that it had signed a Heads of Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), a special purpose company registered in Singapore that has the rights to an 85% interest in the BEK coal project in East Kalimantan. In addition the SEAE group brings a pipeline of 9 coking and thermal Coal concessions in East Kalimantan and initial off take agreements for 200,000 tonnes per month with major global parties.

Importantly, if approved by shareholders and regulatory authorities, the SEAE team will combine with the VWM management and consulting team to create an experienced and extensive team in Indonesia mining operations and engineering that will target significant JORC certifiable resources and production.

On 21 September 2011, Dempsey Resource Pty Ltd and the Company agreed to extend the Convertible Note until 15 November 2011.

Subsequent to the end of the financial year, the company has repaid $25,000 of convertible loans.

On 29 September 2011, the company received a letter alleging an amount due of US$250,000 in relation to Oceantide Investments Pty Ltd transaction. The Company is currently reviewing this claim and as at the date of this report is unable to ascertain the likely financial impact this claim may have on the Company.

DIRECTORS’ INTERESTS

The relevant interest of each director in the shares, interests in registered schemes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	2011		2010	
	Ordinary Shares	Number of Options over Ordinary Shares[1]	Ordinary Shares	Number of Options over Ordinary Shares
Mr. S Pynt	107,150	333,333	107,150	-
Mr. M Scivolo	-	333,333	-	-
Mr W Knight	175,000	333,334	175,000	-

[1] These options are convertible on the achievement of milestones. Refer to Note 22 (a) for further details

MEETINGS OF DIRECTORS

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	Number of meetings eligible to attend	Number of meetings attended during the year
Mr. S Pynt	14	14
Mr. M Scivolo	14	11
Mr W Knight	14	14

In addition there were twenty one (21) Circular Resolutions signed by the directors who were eligible to vote.

SHARE OPTIONS

At the date of this report, there were 84,137,984 listed options and 27,000,000 unlisted options (total 111,137,984) over the unissued ordinary shares of the Company. Please note that 4,250,000 unlisted performance options have lapsed and as such are not capable of being exercised. Please refer to Note 22(a) for details on these options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer 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 otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. There have also been no legal proceedings during the year and no application for leave has been made in respect of the Company for proceedings on behalf of the Company.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's directors and key management personnel for the financial year ended 30 June 2011. The key management personnel of the Company include the Directors and other officers of the Company. For the purposes of this report "key management personnel" are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

The Directors' fees are approved by the Board within the aggregate approved by the shareholders at a general meeting. The fee pool currently stands at $200,000 as approved at the Company's AGM in November 2000. The Company does not provide retirement benefits, however directors may salary sacrifice an element of their total remuneration to superannuation. In addition, the Board seeks shareholder approval for any options that may be issued to directors.

The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. Shareholder approval is sought where there is a proposed change in the total remuneration paid to non-executive directors. The Board considers the Company's particular circumstances as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Details of the remuneration of each Director and other Key Management Personnel are set out below.

	Short-term employment benefits	Post-employment benefits	Share- based		
2011	Cash salary & fees	Superannuation benefits	Options	Total	Value of options as % remuneration
	$	$	$	$	
Directors' Fees					
Steven Pynt (Chairman)	36,000	-	3,975	**39,975**	10%
Michael Scivolo	-	24,000	3,975	**27,975**	14%
Wayne Knight	-	24,000	3,975	**27,975**	14%
Company Secretary Fees					
Luke Martino	60,000[1]	-	53,925	**113,925**	47%
Chief Executive Officer					
Rob Hyndes (resigned 21 June 2011)	120,000	-	60,000[2]	**180,000**	33%
Total	**216,000**	**48,000**	**125,850**	**389,850**	

[1] These fees were paid to a related entity of Mr L Martino for Company Secretary services

[2] Mr Rob Hyndes was issued with 4,000,000 performance options as detailed below in the remuneration report however, as these performance options have lapsed during the period as a result of Mr Rob Hyndes resignation as CEO in June 2011, no value has been ascribed to these options as they are not capable of being exercised. The value of $60,000 represents the listed options issued.

Remuneration Report (Continued)

2010	Short-term employment benefits Cash salary & fees $	Post-employment benefits Superannuation benefits $	Share- based Options $	Total $	Value of options as % remuneration
Directors' Fees					
Steven Pynt (Chairman)	36,000	-	-	**36,000**	0%
Michael Scivolo	-	24,000	-	**24,000**	0%
Wayne Knight	-	24,000	-	**24,000**	0%
Company Secretary Fees					
Luke Martino	60,000[1]	-	-	**60,000**	0%
Chief Executive Officer					
Rob Hyndes	57,597	-	-	**57,597**	0%
Total	**153,597**	**48,000**	**-**	**201,597**	

[1] These fees were paid to a related entity of Mr L Martino for Company Secretary services

Relationship between the remuneration policy and company performance

The performance of the Company largely depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors (both executive and non-executive) and executives. The Board of the Company believes that in order to retain quality directors and executives, some incentive to maintain their future services, involvement, commitment and loyalty to the Company, is required on certain occasions over and above nominal Directors' and executive fees and salaries.

The Company did not pay any cash incentives or bonuses to its directors or senior management during the financial year ended 30 June 2011.

In the financial year ended 30 June 2011, the Company received shareholder approval to issue directors and key management personnel with performance options. The exercisability of these options is dependent on the Company's performance and the individuals continued employment, which are linked to the company's overall performance.

Each of these milestone steps is of importance in its own right as well as being on the critical path to full commercial production of its projects. Accordingly each milestone has been set as a hurdle as the Company builds momentum to achieve production of its projects and in parallel an anticipated increasing share price and shareholder value.

As approved by shareholders at the Company's General Meeting held on 13 August 2010, during the financial year ending 30 June 2011, the Company issued a total of 9.4 million options to directors and key management personnel, of which 6 million options are subject to performance milestone conditions. No amounts were paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. During the year 4 million of these performance options lapsed as a results of the employees resignation. No value has been ascribed to these options as they are not capable of being exercised.

The table below sets out the number of options issued to directors and key management personnel during the year with respect to services:

Remuneration Report (Continued)

2011	Listed Options [1] No. #	Listed Options [1] Grant date fair value $	Performance Options [2] Milestone A #	Performance Options [2] Milestone B #	Performance Options [2] Grant date fair value $	Total #
Directors						
Steven Pynt (Chairman)	-		166,666	166,667	0.012	**333,333**
Michael Scivolo	-		166,667	166,666	0.012	**333,333**
Wayne Knight	-		166,667	166,667	0.012	**333,334**
Company Secretary						
Luke Martino	1,400,000	0.03	500,000	500,000	0.012	**2,400,000**
Chief Executive Officer						
Rob Hyndes	2,000,000	0.03	2,000,000[3]	2,000,000[3]	0.012	**6,000,000**
Total	**3,400,000**	**0.03**	**3,000,000**	**3,000,000**	**0.012**	**9,400,000**

1. These options are listed option and have an exercise price of $0.20 and expire on 24 February 2012.

2. The Performance Options are unlisted and have an exercise price of $0.25 and expire on 31 August 2014.

The Performance Options will lapse if for any reason the Optionholder ends its employment, relationship or engagement with the Company. Also, the conversion of each Performance Option is subject to the completion of the following milestones:

(i) the Company announcing to the ASX (or other recognised stock exchange) a JORC compliant resource of at least 120,000 tonnes (265 million pounds) of contained Molybdenum at a minimum grade of at least 600ppm either within one of the permits or total across all of the permits held at that time by the Company (**"Milestone A"**).

This target is effectively twice the current target resource.

(ii) The company having a market capitalisation of $80,000,000 Australian Dollars for 5 consecutive trading days ("Milestone B").

At the time of seeking shareholder approval, this target was approximately 9 times the company's market cap at this time of ~A$9m (as at 6 July 2010).

3. Mr Robert Hyndes resigned as CEO in June 2011. Accordingly, these options have lapsed pursuant to the terms mentioned above and are not capable of being exercised.

In order for all Performance Options to be converted both Milestone A and Milestone B must be met by the Company. If only one Milestone is met prior to the expiry date then only those performance options subject to the milestone which is being met are able to be converted.

During the year, no options were exercised by the directors or key management personnel that were granted to them as part of their compensation.

Remuneration Report (Continued)

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to 30 June 2011.

	30 Jun 07	30 Jun 08	30 Jun 09	30 Jun 10	30 Jun 11
Revenue	40,913	32,699	46,581	126,850	96,555
Net profit / (loss) before tax	(179,053)	(455,124)	(1,183,732)	(2,015,939)	(3,693,641)
Net profit / (loss) after tax	(179,053)	(455,124)	(1,183,732)	(2,015,939)	(3,693,641)
Share price at the start of the year (cents)	0.003	0.006	0.043	0.17	0.092
Share price at the end of the year (cents)	0.006	0.043	0.17	0.092	0.078
Dividends	-	-	-	-	-
Basic earnings per share	(0.0004)	(0.0159)	(0.02)	(2.18)	(2.60)
Diluted earnings per share	(0.0004)	(0.0106)	(0.02)	(2.18)	(2.60)

Please note that on 26 November 2008, shareholders resolved to consolidate the share capital of the Company on a 1 for 20 basis.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulation under the Law of the Commonwealth or of a State or Territory of Australia. However, the group's operations in Indonesia are subject to environmental regulations under Indonesian laws. The group has a policy of complying with its environmental performance obligations and at the date of this report, it is not aware of any breach of such regulations.

NON-AUDIT SERVICES

During the year, Grant Thornton Audit Pty Ltd, the Company's auditor, has not provided any non-audit services.

A copy of the lead auditors' independence declaration for the year ended 30 June 2011 has been received and can be found on page 25 of the Annual Report.

Grant Thornton Audit Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

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

Mr Steven Pynt

Director

30 September 2011

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Auditor's Independence Declaration
To the Directors of Victory West Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Victory West Metals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Director - Audit & Assurance

Perth, 30 September 2011

Grant Thornton

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Independent Auditor's Report
To the Members of Victory West Metals Limited

Report on the financial report

We have audited the accompanying financial report of Victory West Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Victory West Metals Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1(r) in the financial report which indicates that the consolidated entity incurred a net loss of $3,693,641 and net operating cash outflows of $1,425,324 during the year ended 30 June 2011 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $1,510,773. These conditions, along with other matters as set forth in Note 1(r), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 21 to 24 of the directors' report for the year ended 30 June 2011. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Victory West Metals Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Director - Audit & Assurance

Perth, 30 September 2011

Directors' Declaration

In accordance with a resolution of the directors of Victory West Metals Limited, I declare that:

1. In the opinion of the Directors:

   a. the financial statements and notes set out on pages 30 to 85 and the remuneration disclosures that are contained in pages 21 to 24 in the Remuneration Report contained in the Directors Report are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

      ii. complying with Accounting Standards and Corporation Regulations 2001; and

      iii. complying with International Financial Reporting Standards as disclosed in Note 1

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the remuneration disclosures that are contained in pages 21 to 24 of the Remuneration Report in the Directors Report comply with Accounting Standard AASB 124 Related Party Disclosures

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ending 30 June 2011.

On behalf of the Board

Mr. Steven Pynt

Director

30 September 2011

Statement of Comprehensive Income – For the Year Ended 30 June 2011

	Note	Consolidated Entity	
		2011 $	2010 $
Revenue	4	96,555	126,850
Depreciation and amortisation expense		(4,945)	(3,425)
Project Evaluation & Exploration costs not capitalised		(776,802)	-
Listing Fees		(124,454)	(91,447)
Personnel, suppliers and consulting expenses	5	(1,499,150)	(1,225,912)
Insurance		(17,463)	(11,154)
Legal fees		(100,778)	(91,657)
Professional services fees		(163,262)	(159,170)
Travel costs & accommodation		(311,160)	(149,297)
Finance Costs		(287,897)	(292,658)
Net foreign exchange losses (unrealised)		(241,071)	-
Doubtful debts		(51,084)	-
Impairment of financial assets		(832)	-
Other expenses		(211,298)	(118,069)
Loss before income tax expense		(3,693,641)	(2,015,939)
Income tax expense	6	-	-
Loss for the year		(3,693,641)	(2,015,939)
Loss attributable to:			
Non controlling Interest		(947)	(8,320)
Members of the parent entity		(3,692,694)	(2,007,619)
		(3,693,641)	(2,015,939)
Other comprehensive income:			
Reversal of impairment loss previously recognised	22(c)	(8,492)	8,492
Exchange differences on translating controlled entities	22(b)	(1,439,432)	(112,629)
Total other comprehensive income for the year		(1,447,924)	(104,137)
Total Comprehensive Income for the year		(5,141,565)	(2,120,076)
Total Comprehensive loss attributable to:			
Non controlling Interest		(947)	(8,320)
Members of the parent entity		(5,140,618)	(2,111,756)
		(5,141,565)	(2,120,076)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic earnings per share (loss)	9	(2.60)	(2.18)
Diluted earnings per share (loss)	9	(2.60)	(2.18)

The accompanying notes form part of these financial statements.

Statement of Financial Position - As at 30 June 2011

	Note	Consolidated entity	
		2011 $	2010 $
Current Assets			
Cash & cash equivalents	10	2,026,863	411,526
Trade & other receivables	11	586,559	800,648
Prepayments		93,642	107,314
Total Current Assets		2,707,064	1,319,488
Non Current Assets			
Receivables	12	49,244	58,270
Property, plant & equipment	14	11,649	8,131
Exploration & evaluation expenditure	13	15,435,723	15,692,457
Other financial assets	15	8,392	17,716
Total Non Current Assets		15,505,008	15,776,574
Total Assets		18,212,072	17,096,062
Current Liabilities			
Trade & other payables	17	1,132,471	755,218
Short term provisions	18	13,337	9,508
Borrowings	19	2,580,000	-
Other current liabilities	20	492,029	-
Total Current Liabilities		4,217,837	764,726
Non -Current Liabilities			
Borrowings	19	-	2,000,000
Total non current liabilities		-	2,000,000
Total Liabilities		4,217,837	2,764,726
Net Assets		13,994,235	14,331,336
Equity			
Issued capital	21(a)(b)	21,191,223	13,260,223
Reserves	22(a)(b)(c)(d)	82,586	4,657,160
Accumulated losses	23	(7,247,254)	(3,554,560)
Parent entity interest		14,026,555	14,362,823
Minority equity interest		(32,320)	(31,487)
Total Equity		13,994,235	14,331,336

The accompanying notes form part of these financial statements.

Statement of Changes in Equity - For the Year Ended 30 June 2011

CONSOLIDATED ENTITY	Note	Issued Capital $	Foreign Currency Translation $	Option Reserve $	Outside Equity Interest $	Acquisition Reserve $	Financial Assets Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2009		11,752,989	(203,184)	4,952,561	104,756	-	-	(1,546,941)	15,060,181
Loss attributable to members of parent entity	23	-	-	-	-	-	-	(2,007,619)	(2,007,619)
Other comprehensive losses		-	(112,629)	-	-	-	8,492	-	(104,137)
Sub-total		11,752,989	(315,813)	4,952,561	104,756	-	8,492	(3,554,560)	12,948,425
Contributions of equity, net of transaction costs		1,507,234	-	11,920	-	-	-	-	1,519,154
Recognition of outside equity interest		-	-	-	(136,243)	-	-	-	(136,243)
Balance at 30 June 2010		**13,260,223**	**(315,813)**	**4,964,481**	**(31,487)**	**-**	**8,492**	**(3,554,560)**	**14,331,336**
Balance at 1 July 2010		13,260,223	(315,813)	4,964,481	(31,487)	-	8,492	(3,554,560)	14,331,336
Loss attributable to members of parent entity	23	-	-	-	-	-	-	(3,692,694)	(3,692,694)
Other comprehensive losses		-	(1,439,432)	-	-	-	(8,492)	-	(1,447,924)
Sub-total		13,260,223	(1,755,245)	4,964,481	(31,487)	-	-	(7,247,254)	9,190,718
Options issued during the period		-	-	223,350	-	-	-	-	223,350
Acquisition of subsidiary minority interest	24	-	-	-	-	(3,350,000)	-	-	(3,350,000)
Contributions of equity, net of transaction costs		7,931,000	-	-	-	-	-	-	7,931,000
Recognition of outside equity interest		-	-	-	(833)	-	-	-	(833)
Balance at 30 June 2011		**21,191,223**	**(1,755,245)**	**5,187,831**	**(32,320)**	**(3,350,000)**	**-**	**(7,247,254)**	**13,994,235**

The accompanying notes form part of these financial statements

Statement of Cash Flows - For the Year Ended 30 June 2011

	Note	Consolidated entity	
		2011 $	2010 $
Cash Flows from Operating Activities			
Receipts from customers		52,167	66,036
Payments to suppliers and employees		(1,422,646)	(2,405,837)
Interest received		2,633	10,880
Payments of deposits		(57,478)	(147,195)
Net cash (used in) operating activities	27	(1,425,324)	(2,476,116)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(1,824,084)	(1,575,746)
Purchase of property plant and equipment		(10,591)	(6,164)
Loans to shareholders		(1,491)	-
Loans from shareholders		51,549	-
Loans to other entities		(1,815,273)	(1,307,828)
Repayment of loans to other entities		1,916,195	800,000
Other		(1,108)	-
Net cash (used in) investing activities		(1,684,803)	(2,089,738)
Cash Flows from Financing Activities			
Proceeds from issue of options		-	11,920
Proceeds from issue of shares		3,750,000	1,500,000
Proceeds from borrowings		1,578,000	2,000,000
Interest paid		(250,495)	(192,658)
Repayment of borrowings		(100,000)	-
Share issue transaction costs		(192,000)	(142,766)
Net cash provided by financing activities		4,785,505	3,176,496
Net increase/(decrease) in cash and cash equivalents		1,675,378	(1,389,358)
Cash and cash equivalents at the beginning of the financial year		411,526	1,807,232
Effect of exchange rates on cash holdings in foreign currencies		(60,041)	(6,348)
Cash and cash equivalents at the end of the financial year	10	2,026,863	411,526

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Accounts
For the Year Ended 30 June 2011

1. Statement of Significant Accounting Policies

The financial report covers the consolidated entity of Victory West Metals Limited and controlled entities (the "Group"). Victory West Metals Limited is a listed public company, incorporated and domiciled in Australia. The financial report was authorised for issue by a resolution of the Board of Directors on 30 September 2011.

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New Accounting Standards and Interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the group but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 9 Financial Instruments AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value. In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is an accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss. The requirements from AASB 139 related to the derecognition of financial assets and liabilities have been incorporated unchanged into AASB 9.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only. Minimal changes have been made in relation to the classification and measurement of financial liabilities, except 'own credit risk' instruments. The effect on the entity will be that the volatility in the profit or loss will be moved to the OCI, unless there is an accounting mismatch.	AASB 2009-11 AASB 2010-7	Depending on assets held, there may be significant movement of assets between fair value and cost categories and ceasing of impairment testing on available for sale assets. If the entity holds any 'own credit risk' financial liabilities, the fair value gain or loss will be incorporated in the OCI, rather than profit or loss, unless accounting mismatch.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 124 Related Party Disclosures AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	AASB 2009-12	Unlikely to have significant impact in Australia.
AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)	Interpretation 14	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	None	Possibly significant if the entity has a defined benefit

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements	None	This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	30 June 2014	AASB 2010-2 sets out the relevant disclosures that will not be required to be made if it is a Tier 2 entity that nominates to comply.	AASB 1053	Reduced note disclosures in the following main areas: AASB 7 Financial Instruments; Disclosures AASB 101 Presentation of Financial Statements AASB 108 Accounting Policies AASB 123 Borrowing Costs AASB 124 Related Party Disclosures AASB 128 Accounting for Associates

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	None	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken in account.	31 December 2011	Given the number of standards amended by AASB 2010-4, an example disclosure is not included. Entities assess the impact of each of the amendments on their organisation.	None	Varies depending on relevance; however impact is unlikely to be significant.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 1053 Application of Tiers of Australian Accounting Standards	None	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: 1. Tier 1: Australian Accounting Standards; and 2. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. 1 The following entities apply Tier 1 requirements in preparing general purpose financial statements: a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and b) the Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: a) for-profit private sector entities that do not have public accountability; b) all not-for-profit private sector entities; and c) public sector entities other than the Australian Government and State, Territory & Local Governments	30 June 2014	This depends on the classification of the entity as a Tier 1 or 2. For Tier 1 entities or Tier 2 that prepare special purpose financial reports, there will be no impact on the financial statements as the reduced disclosure will not be available to apply. Tier 2 entities that prepare general purpose financial reports will be able to apply the reduced disclosures within the financial instruments, related parties, accounting policies, borrowing costs, and financial statement disclosures	AASB 1053	Reduced disclosures. Refer to comments in AASB 2010-2 above.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 1054 Australian Additional Disclosures	None	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: a) Compliance with Australian Accounting Standards b) The statutory basis or reporting framework for financial statements c) Whether the financial statements are general purpose or special purpose d) Audit fees e) Imputation credits f) reconciliation of net operating cash flow to profit (loss)	30 June 2012	This Standard sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are additional to IFRSs.	AASB 2011-01	Not expected to have significant impact, as only relocating Australian specific disclosures from existing standards to this new standard.
AASB 2010-05 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	None	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.	31 December 2011	These amendments have no major impact on the requirements of the amended pronouncements	AASB 2010-5	No major impact

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)	None	The Standard amends the disclosures required, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (e.g. securitisations) and the effect of those risks on an entity's financial position.	30 June 2012	The Amendments will introduce more extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.	AASB 7	More extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	None	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: a) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) b) The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	31 December 2013	This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.	AASB 9 AASB 2009-11	Unlikely to have significant impact in Australia.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	None	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes - Recovery of Revalued Non-Depreciable Assets into AASB 112.	31 December 2012	The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property. Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.	None	Unlikely to have significant impact in Australia

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	None	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	30 June 2012	This Standard makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.	AASB 1054	Refer to comments above under

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project - Reduced disclosure regime [AASB 101, AASB 1054]	None	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053.	30 June 2014	This Standard makes amendments to the following Australian Accounting Standards: 1. AASB 101 Presentation of Financial Statements 2. AASB 1054 Australian Additional Disclosures, to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.	AASB 1053 AASB 1054 AASB 2011-1	Not expected to have significant impact, as only relocating Australian specific disclosures from existing standards to this new standard

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
Consolidated Financial Statements	IAS 27	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	31 December 2013	It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation. Traditional control assessments based on majority ownership of voting rights will very rarely be affected. However, 'borderline' consolidation decisions will need to be reviewed and some will need to be changed taking into consideration potential voting rights and substantive rights.	IFRS 11 IFRS 12 IAS 27 IAS 28 IAS 31	Entities most likely to be impacted are those that: - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments , such as options

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
Joint Arrangements1	IAS 31 SIC 13	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	31 December 2013	Entities with existing joint arrangements or that plan to enter into new joint arrangements will be affected by the new standard. These entities will need to assess their arrangements to determine whether they have invested in a joint operation or a joint venture upon adoption of the new standard or upon entering into the arrangement. Entities that have been accounting for their interest in a joint venture using proportionate consolidation will no longer be allowed to use this method; instead they will account for the joint venture using the equity method. In addition, there may be some entities that previously equity-accounted for investments that may need to account for their share of assets and liabilities now that there is less focus on the structure of the arrangement.	IFRS 10 IFRS 12 IAS 27 IAS 28 IAS 31	For entities, that have joint ventures that have been previously accounted using proportionate consolidation, they will need to change to equity accounting.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
Disclosure of Interests in Other Entities1	IAS 27 IAS 28 IAS 31	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 December 2013	IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement.	None	There are some additional enhanced disclosures centred around significant judgements and assumptions made around determining control, joint control and significant

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
Fair Value Measurement[2]	None	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	31 December 2013	IFRS 13 has been created to: - establish a single source of guidance for all fair value measurements; - clarify the definition of fair value and related guidance; and - enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value)	None	For financial assets, IFRS 13's guidance is broadly consistent with existing practice. It will however also apply to the measurement of fair value for non-financial assets and will make a significant change to existing guidance in the applicable

Carbon Tax Scheme

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. The board expects that this will not have a significant impact upon the operational costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

[2] The AASB has not issued this standard, which was finalised by the IASB in May 2011.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Victory West Metals Limited ("company" or "parent entity") as at 30 June 2011 and the results of all controlled entities for the year then ended. Victory West Metals Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or "group".

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

All inter-Company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

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

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

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

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

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

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

d. Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant & Equipment

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Office Furniture	6% - 40%
Office Equipment	12.5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised as profit or loss.Classification and Subsequent Measurement

i. <u>Financial assets at fair value through profit and loss</u>

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in the statement of comprehensive income in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

vi. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

g. Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i. *the rights to tenure of the area of interest are current; and*

ii. *at least one of the following conditions is also met:*

   a. *the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or*

   b. *exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.*

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

During the year there was no impairment of Exploration and Evaluation.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary consolidated environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

Income and expenses are translated at average exchange rates for the period;

Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

j. Employee Entitlements

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

k. Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

l. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

n. Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Contributed Equity

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

p. Earnings Per Share

- Basic earnings per share: Basic earnings per share is determined by dividing the net loss attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.
- 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

q. Goods and Services Tax (GST)

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

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

r. Going Concern

The financial statements for the year have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to productive mining operations, the Directors consider this to be appropriate.

During the year the consolidated entity incurred a loss after tax of $3,693,641, net cash outflows from operating activities were $1,425,324, net cash inflows during the period were $1,675,378 and at 30 June 2011 had a net current asset deficiency of $1,510,773. Included in this net current asset deficiency are the convertible loans and notes of $2.58 million. Subsequent to balance date, the parties have agreed to extend the convertible note to 15 November 2011 (refer note 28). The Company is in negotiations with the note holders and is confident that the amounts will be repaid subject to successful capital management initiatives or via the conversion to equity.

The company has engaged consultants to assist it with these capital raising initiatives and is in discussions with potential financiers. The capital raising initiatives may include offtake financing, additional capital raisings in future periods or debt funding.

The Directors are developing a capital management program that will provide funding to maximize the potential of its current asset portfolio and the newly announced coal portfolio (subject to due diligence) and provide a strong base for increasing shareholder value. Whilst continued growth is dependent on the Company successfully obtaining new funding and refinancing of existing facilities in what are challenging capital markets the Directors are confident that the consolidated entity will be able to continue its operations into the foreseeable future.

Based on the forecasts and achieving the future financing, the directors consider the basis of going concern to be appropriate. In particular, given the Company's history of successful raising of capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required. In addition, subject to successful due diligence and shareholder and regulatory approvals, if required, the potential short term development opportunities of the PT BEK Coal Project (part of the SEAE acquisition) to generate cash inflows, supported by off-take agreements, in the later part of the coming financial year should help to strengthen the groups capital management program. The development of the PT BEK Coal Project is subject to completion of technical and legal due diligence, shareholder approval of the SEAE acquisition and regulatory approvals, if required, and the provision of sufficient capital for development.

The ability of the consolidated entity to continue as a going concern is also dependent upon the successful exploitation of its mineral tenements and progression of its exploration activities into a successful production stage.

Should the Company be unable to raise the funding referred to above, there is a material uncertainty whether the Company will be able to continue as a going concern, and therefore, whether it will be required to realize its assets and extinguish its liabilities other than in the normal course of business and at amounts different from these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

s. Comparative Figures

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

t. Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical knowledge and experience, best available information and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recovered or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at $15.4m.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted.

u. Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issueds. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

2. Financial Risk Management Policies

The group's principal financial instruments comprise mainly of deposits with banks, receivables, payables and available for sale investments.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

a. Treasury Risk Management

Due to the size of the group, responsibility for identification and control of financial risks rests with the Board of Directors. This includes the use of hedging derivative instruments, credit risk policies and future cash flow requirements. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

b. Financial Risk Exposures and Management

The group's activities expose it to financial risks, market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Where relevant and appropriate, the Company will avail itself of appropriate hedging instruments in future financial years.

c. Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As a result of significant operations in Indonesia a large purchase of services in United States Dollars (a number of Indonesian contractors use United States Dollars), the Group's balance sheet can be affected significantly by movements in the US$/A$ exchange rates. The Group also has transaction currency exposure. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

At 30 June 2011, the Group had the following exposure to US$ foreign currency:

	Consolidated entity	
	2011	2010
	$	$
Financial Assets		
Cash and cash equivalents	48,649	117,321
Loans and receivables	49,924	60,607
	98,573	177,928
Financial Liabilities		
Trade and other payables	(51,454)	-
Net exposure	47,119	177,928

The Parent has a loan with a related entity denominated US currency. This loan is not expected to be repaid as the entity has formed part of the consolidated group.

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date:

At 30 June 2011, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2011 $	2010 $	2011 $	2010 $
Consolidated				
AUD/USD +10%	4,865	11,732	4,992	6,061
AUD/USD - 5%	(2,432)	(5,866)	(2,496)	(3,030)

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments. The movements are reasonable with reference to the historical exchange rate fluctuations.

a. *Fair Value Interest Rate Risk*

Refer to (d) below.

b. *Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The group did not have any material credit risk exposure to any single debtor or group of debtors at balance date.

c. *Liquidity Risk*

Prudent liquidity risk management implies maintaining sufficient cash to fund the group's activities. The directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic initiatives to ensure that adequate funding continues to be available.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2011.

Maturity analysis of financial assets and liability based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of the day to day operations of the group. These assets are considered in the group's overall liquidity risk.

Liquidity Risk (Continued)

Year ended 30 June 2011	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated financial assets					
Cash and cash equivalents	2,026,863	-	-	-	2,026,863
Loans and receivables	96,316	490,244	49,244	-	635,804
Available for sale financial assets	-	8,392	-	-	8,392
	2,123,179	498,636	49,244	-	2,671,059
Consolidated financial liabilities					
Trade and other payables	936,129	515,168	173,203	-	1,624,500
Borrowings	2,580,000	-	-	-	2.580,000
	3,516,129	515,168	173,203	-	4,204,500

Year ended 30 June 2010	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated financial assets					
Cash and cash equivalents	411,526	-	-	-	411,526
Trade and other receivables	792,546	60,607	5,765	-	858,918
Available for sale financial assets	-	17,716	-	-	17,716
	1,204,072	78,323	5,765	-	1,288,160
Consolidated financial liabilities					
Trade and other payables	633,469	121,749	-	-	755,218
Borrowings	-	2,000,000	-	-	2,000,000
	633,469	2,121,749	-	-	2,755,218

d. Cash Flow and Fair Value Interest Rate Risk

Due to the Company's significant holding of cash and cash equivalents, the group's income and operating cash flows are materially exposed to changes in market interest rates.

At balance date, the group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated entity	
	2011 $	2010 $
Financial Assets		
Cash and cash equivalents	2,026,863	411,526
Net exposure	2,026,863	411,526

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2011 $	2010 $	2011 $	2010 $
Consolidated				
AUD/USD + 1% (100 basis points)	20,269	11,094	-	-
AUD/USD - .5% (50 basis points)	(10,134)	(5,547)	-	-

The movements in profit are due to higher/lower interest costs from variable rate cash balances. The movements are reasonable with reference to the historical interest rate fluctuations.

e. Price Risk

The Group's exposure to commodity and equity securities price risk is minimal at present.

Equity securities price risk arises from investments in equity securities. The Company has one investment in a listed equity which is publicly traded.

The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

f. Net Fair Values

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

Assets and liabilities where the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables, have not been adjusted to fair value.

	2011		2010	
	Carrying amount $	Net fair value $	Carrying amount $	Net fair value $
Financial Assets				
Cash and cash equivalents	2,026,863	2,026,863	411,526	411,526
Trade and other receivables	586,559	586,559	800,648	800,648
Available-for-sale financial assets – listed investments	8,392	8,392	17,716	17,716
	2,621,814	2,621,814	1,229,890	1,229,890
Financial Liabilities at Amortised Cost				
Other payables and amounts due	1,624,500	1,624,500	755,218	755,218
Borrowings	2,580,000	2,580,000	2,000,000	2,000,000
	4,204,500	4,204,500	2,755,218	2,755,218

2011	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Available-for-sale financial assets	8,392	-	-	8,392
	8,392	-	-	8,392

2010	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Available-for-sale financial assets	17,716	-	-	17,716
	17,716	-	-	17,716

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 2 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

3. Segment Information

Description of segments

The following table presents revenue and profit information and certain asset and liability information regarding the relevant segments for the year ended 30 June 2011 for the group.

The chief operating decision-maker has been identified as the Board of Victory West Metals Limited.

The reportable segments have been identified around geographical areas and regulatory environments. Operating segments have been aggregated where segments are considered to have similar economic characteristics. Specifically PT Sulawesi Molybdenum Management is the Indonesian reporting segment.

The Australian reporting segment derives its revenues from its investments in the entities making up the Indonesian reporting segment and from interest on its cash deposit. It is intended that the Indonesian reporting segment will derive revenue from the commercial exploitation of the exploration assets it currently holds.

Transactions between reportable segments are accounted for in the same manner as transactions with external parties.

Segment performance

Year ended 30 June 2011	Australia	Indonesia	Total
Segment result	**$**	**$**	**$**
Interest revenue	44,388	-	44,388
Other revenue	52,167	-	52,167
Total Segment Revenue	96,555	-	96,555
Reconciliation of segment revenue to group revenue			-
Inter-segment elimination	-	-	-
Total group revenue	96,555	-	96,555
Segment net loss before tax	(3,674,704)	(18,937)	(3,693,641)
Reconciliation of segment result to group net loss before tax			
Unallocated items			-
Net loss before tax from continuing operations			(3,693,641)

	Australia	Indonesia	Total
Segment assets and liabilities	**$**	**$**	**$**
Segment assets	2,593,723	15,610,402	18,204,125
Unallocated Assets			7,947
Total assets			18,212,072
Segment liabilities	(4,166,383)	(51,454)	(4,217,837)
Unallocated Liabilities			-
Total Liabilities			(4,217,837)

Other segment information	Australia $	Indonesia $	Total $
Depreciation and amortisation expense	(4,945)	-	(4,945)
Doubtful debts	(51,084)	-	(51,084)
Impairment of financial assets	(9,324)	-	(9,324)
Share-based payments	(223,350)	-	(223,350)
	(288,703)	-	(288,703)

Year ended 30 June 2010	Australia	Indonesia	Total
Segment result	$	$	$
Other revenue	126,850	-	126,850
Total Segment Revenue	126,850	-	126,850
Segment net loss before tax	(1,990,885)	(25,054)	(2,015,939)
Reconciliation of segment result to Group loss			
Unallocated items			-
Net loss before income tax			(2,015,939)

Segment assets and liabilities	Australia $	Indonesia $	Total $
Segment assets	1,594,539	15,501,523	17,096,062
Unallocated Assets			-
Total assets			17,096,062
Segment liabilities	(2,764,726)	-	(2,764,726)
Unallocated Liabilities			-
Total Liabilities			(2,764,726)
Other segment information			
Depreciation and amortisation expense	(1,773)	(1,652)	(3,425)

4. Revenue

	Consolidated entity	
	2011 $	2010 $
Interest received	44,388	41,455
Sundry Income	52,167	84,029
Foreign currency gains	-	1,366
Total revenue	96,555	126,850

5. Personnel, Suppliers and Consulting Expenses

	Consolidated entity	
	2011 $	2010 $
Salary and wages	443,432	201,782
Employee share/ options performance	223,350	-
Consultancy fees	735,031	940,130
Directors' fees	84,000	84,000
Increase in annual leave provision	13,337	-
Total revenue	1,499,150	1,225,912

6. Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable

	Consolidated entity	
	2011 $	2010 $
Loss from ordinary activities before income tax expense	(3,693,641)	(2,015,939)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2010: 30%)	(1,108,092)	(604,782)
Tax effect of amounts which are taxable (deductible) in calculating taxable income:		
- accrued interest receivable	133	(9,173)
- impairment expenses	2,797	-
- transaction costs on equity issue	(32,901)	8,499
- capitalised legal fees	30,233	27,379
- capitalised consulting fees	-	18,000
- Movement in accruals	(48,907)	98,831
	(1,156,737)	(461,246)
Deferred tax assets not recognised	1,156,737	461,246
Income tax expense	-	-
Unused tax losses for which no deferred tax asset has been recognised	8,514,096	5,032,378
Potential Tax Benefit at 30%	2,554,229	1,509,713

Income tax benefit due to timing differences not brought to account. Deferred tax liability is reduced to nil by benefits attributable to tax losses not brought to account.

The potential tax benefit will only be obtained if:

i. *The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;*

ii. *The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and*

iii. *No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.*

7. Key Management Personnel Disclosures

Names and positions of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person

Mr Steven Pynt	Chairman, Non-executive Director
Mr Michael Scivolo	Non-executive Director
Mr Wayne Knight	Non-executive Director
Mr Luke Martino	Company Secretary
Mr Rob Hyndes	Chief Executive Officer (resigned 21 June 2011)

	Consolidated entity	
a) Compensation	**2011 $**	**2010 $**
Short term employee benefits	216,000	153,597
Post Employment Benefits*	48,000	48,000
Share based payments – options	125,850	-
	389,850	**201,597**

**The directors have elected to salary sacrifice their fees to superannuation*

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report.

Company Secretarial fees are paid to a related party of Mr Luke Martino.

During the financial year, Mr Rob Hyndes was issued with 4,000,000 performance options however, as these performance options have lapsed during the period as a result of Mr Rob Hyndes resignation as CEO in June 2011, no value has been ascribed to these options as they are not capable of being exercised.

b) Option holdings

Number of options held by Key Management Personnel

	Balance 1 Jul 10	Received as Compensation	Net Change Other	Lapsed during the year	Balance 30 Jun 11	Vested and Exercisable	Vested During the Year
Mr S Pynt	-	333,333	-	-	333,333	-	-
Mr M Scivolo	-	333,333	-	-	333,333	-	-
Mr W Knight	-	333,334	-	-	333,334	-	-
Mr L Martino	400,000	2,400,000	416,667[1]	-	3,216,667	2,216,667	1,816,667
Mr R Hyndes	200,000	6,000,000	-	(4,000,000)	2,200,000	2,200,000	2,000,000
Total	600,000	9,400,000	416,667	(4,000,000)	6,416,667	4,416,667	3,816,667

	Balance 1 Jul 09	Received as Compensation	Net Change Other	Balance 30 Jun 10	Vested and Exercisable	Vested During the Year
Mr S Pynt	-	-	-	-	-	-
Mr M Scivolo	-	-	-	-	-	-
Mr W Knight	-	-	-	-	-	-
Mr L Martino	400,000	-	-	400,000	400,000	400,000
Mr R Hyndes	-	-	200,000	200,000	200,000	200,000
Total	400,000	-	200,000	600,000	600,000	600,000

1. These options are presently held via LJM Capital Corporation Pty Ltd and whilst these are held directly by a related entity of Mr Luke Martino, he has no beneficial interest in the same.

As approved by shareholders at the Company’s General Meeting held on 13 August 2010, during the financial year ended 30 June 2011, the Company issued a total of 9.4 million options to directors and key management personnel, of which 6 million options are subject to performance milestone conditions. No amounts were paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Please refer to the Remuneration Report (Directors’ Report) and Note 22(a) for details of the performance options issued to Key Management Personnel. These Performance Options will lapse if for any reason the optionholder ends its employment, relationship or engagement with the Company and the conversion of each Performance Option is subject to the satisfaction of certain performance milestones.

During the financial year, Mr Rob Hyndes was issued with 4,000,000 performance options however, as these performance options have lapsed during the period as a result of Mr Rob Hyndes resignation as CEO in June 2011 they are not capable of being exercised.

c) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1 Jul 10	Received as Compensation	Net Change Other	Balance 30 Jun 11
Mr S Pynt	107,150	-	-	107,150
Mr M Scivolo	-	-	-	-
Mr W Knight	175,000	-	-	175,000
Mr L Martino	632,609	-	581,667[1]	1,214,276
Mr R Hyndes	170,000	-	-	170,000
Total	1,084,759	-	581,667	1,666,426

	Balance 1 Jul 09	Received as Compensation	Net Change Other	Balance 30 Jun 10
Mr S Pynt	12,150	-	95,000	107,150
Mr M Scivolo	-	-	-	-
Mr W Knight	175,000	-	-	175,000
Mr L Martino	232,609	-	400,000	632,609
Mr R Hyndes	-	-	170,000	170,000
Total	419,759	-	665,000	1,084,759

1. Of these shares, 416,667 are presently held via LJM Capital Corporation Pty Ltd and whilst these are held directly by a related entity of Mr Luke Martino, he has no beneficial interest in the same.

8. Auditors' Remuneration

	Consolidated entity	
Remuneration of Grant Thornton Audit Pty Ltd of the parent entity for:	2011 $	2010 $
- Auditing or reviewing of financial reports	36,259	37,974
Remuneration of other auditors of subsidiaries for:		
Remuneration of the auditor of the subsidiary entity for:		
- Auditing or reviewing of financial reports	4,040	12,556

9. Earnings per share

	Consolidated entity	
	2011 $	2010 $
Loss attributable to ordinary equity holders	(3,692,694)	(2,007,619)
Earnings used to calculate basic and diluted EPS	(3,692,694)	(2,007,619)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	142,206,859	92,244,344
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	142,206,859	92,244,344

Anti-dilutive options and performance shares have not been used in the EPS calculation. As at 30 June 2011 there were 111,387,984 options outstanding and 10,000,000 performance shares.

10. Cash and Cash Equivalents

	Consolidated entity	
	2011 $	2010 $
Cash at bank and in hand	2,026,863	411,526

Cash at bank is comprised of "at-call" funds attracting a floating rate of interest of between 0.01% and 5.1%.

<u>Reconciliation of Cash</u>

Cash at the end of the financial year as per statements of cash flows is reconciled to items in the balance sheet as follows:

Cash and at bank and in hand	2,026,863	411,526

11. Trade and other Receivables

	Consolidated entity	
	2011 $	2010 $
Trade receivables	73,670	60,073
Other receivables	22,645	40,575
Loan to XS Platinum Ltd	490,244	700,000
Total	586,559	800,648

The loan to XS Platinum Ltd was made on 24th of July 2009 as part of an agreement to merge operations. The agreement was subsequently terminated and repayment of the loan is now due. The Directors are confident that the amount will be recovered in full within the next twelve months.

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter party other than those receivables specifically provided for and mentioned in Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia, Singapore and Indonesia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

	Consolidated entity	
	2011 $	2010 $
Australia	554,079	792,546
Indonesia	8,253	8,102
Singapore	24,227	-
	586,559	800,648

12. Non current Trade and Other Receivables

	Consolidated entity	
	2011 $	2010 $
Other receivables	49,244	58,270
	49,244	58,270

Other receivables include deposits on Indonesian Molybdenum Mining Concessions (IUP's) and a security deposit for Victory West Metals (Singapore) Pte Ltd.

13. Deferred Exploration And Evaluation Expenditure

	Consolidated entity	
	2011 $	2010 $
Opening balance	15,692,457	12,952,885
Increase for expenditure incurred	1,125,837	2,849,957
Adjustment for foreign exchange differences on expenditure	(1,382,571)	(110,385)
Balance at end of the year	15,435,723	15,692,457

The Directors' assessment of the carrying amount was after consideration of prevailing market conditions; previous expenditure carried out on the tenements, and the potential mineralization based on both the entity's' and independent geological reports. The ultimate value of these assets is dependent upon recoupment by successful commercial development or the sale of the whole, or part, of the Group's interests in those areas for an amount at least equal to the carrying value. There may exist, on the Group's exploration properties, areas subject to environmental regulations and laws. The Group has a policy of complying with its environmental performance obligations and at the date of this report, it is not aware of any breach of such regulations.

14. Property Plant & Equipment

	Consolidated entity	
	2011 $	2010 $
Office Equipment at cost	14,323	10,424
Less accumulated depreciation	(8,098)	(3,690)
	6,225	6,734
Computing equipment and software	7,862	2,581
Less accumulated depreciation	(2,438)	(1,184)
	5,424	1,397
	11,649	8,131

	Office Equipment $	Computing Equipment and Software $	Total $
Balance at 1 July 2009	6,577	-	6,577
Additions	3,583	2,581	6,164
Allocation to exploration & evaluation expenditure	(1,185)	-	(1,185)
Depreciation expense	(2,241)	(1,184)	(3,425)
Balance at 30 June 2010	6,734	1,397	8,131
Additions	4,778	5,813	10,591
Allocation to exploration & evaluation expenditure	-	-	-
Disposals	-	-	-
Depreciation expense	(3,959)	(986)	(4,945)
Adjustment for foreign exchange movements	(1,328)	(800)	(2,128)
Balance at 30 June 2011	6,225	5,424	11,649

15. Other Financial Assets

(a) Available-for-sale financial assets comprise

	Consolidated entity	
	2011 $	2010 $
(i) Listed Investments, at fair value		
- Shares in Australian listed corporations	8,392	17,716
Total available-for-sale financial assets	8,392	17,716

The fair value of listed investments are determined in whole by reference to the quoted market bid price at balance date. In the 2011 year an impairment loss of $8,492 was recognised in other comprehensive income. (2010: $8,492 was recognised in the statement of comprehensive income).

16. Controlled Entities

The Consolidated Entity incorporates the assets, liabilities and results of the following companies:

	Country of Incorporation	Class of Shares	Percentage Interest	
			2011 %	2010 %
Victory West Metals Limited (Parent Entity)	Australia	Ordinary		
Eastern Prime Corporation Pte Ltd	Singapore	Ordinary	-	100
Advanz International Pte Ltd*	Singapore	Ordinary	100	100
Victory West Moly (Singapore) Pte Ltd	Singapore	Ordinary	100	-
Victory West Pty Ltd	Australia	Ordinary	100	75
PT Sulawesi Molybdenum Management[#]	Indonesian	Ordinary	95	71.25
PT Inti Cemerlang [1#]	Indonesian	N/A [1]	95	71.25
PT Era Moreco [1#]	Indonesian	N/A [1]	95	71.25
PT Indo Surya Moreco [1#]	Indonesian	N/A [1]	95	71.25
PT Sembilan Sumber Mas [1#]	Indonesian	N/A [1]	95	71.25
PT Satria Mas [1*]	Indonesian	N/A [1]	95	71.25
PT Promistis [1#]	Indonesian	N/A [1]	95	71.25

[1]. Through a number of agreements, Victory West Pty Ltd has a 95% interest in the operations and assets of these companies and has the power to govern the financial and operating policies of these companies.

* Note that this company is dormant and is in the process of being wound up

These companies hold mining tenements in Indonesia

17. Trade and Other Payables

	Consolidated Entity	
	2011 $	2010 $
Unsecured liabilities		
Trade payables	382,876	270,146
Sundry payables and accrued expenses	304,716	347,926
Deferred consideration owing to Victory West Pty Ltd Vendors (Note 24)	250,000	-
Other payables	194,879	137,146
	1,132,471	755,218

Payables are unsecured.

All other unsecured liabilities are interest free and for an open period.

18. Short Term provisions

Opening balance 1 July 2010	9,508	-
Movement in provisions	3,829	9,508
Closing balance 30 June 2011	13,337	9,508

This provision is for unused annual leave.

19. Borrowings

Current borrowings		
Convertible note – secured (a)	2,000,000	-
Convertible loans – unsecured (b)	580,000	-
	2,580,000	-
Non-current borrowings		
Convertible note – secured (a)	-	2,000,000
	-	2,000,000

(a) The convertible note bears interest at 12% per annum, and has a maturity date of 15 November 2011 (refer note 28). The note is convertible at the higher of 30 cents or the 5-day average market share price. The Company has the option to repay the note within 90 days upon receipt of a conversion notice. The convertible note is secured by a fixed and floating charge over all the assets of the Company and Victory West Pty Ltd.

(b) These convertible loans bears interest at 10% per annum, and have a maturity date of 30 September 2011. The loans are convertible at the lower of $0.12 or the value of the company's most recent capital raising. The loans are unsecured.

20. Other current liabilities

	Consolidated Entity	
	2011 $	2010 $
Commitment fee from CGGC	492,029	-
	492,029	-

The Company had entered into a Memorandum of Understanding (“MOU”) with China Guangshou Group Corp (“CGGC”) that, subject to due diligence, CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Molybdenum Project into large scale commercial production by 2016

During the year CGGC remitted the first US$500,000 commitment fee per the abovementioned agreement. This amount is treated as current liability in the accounts of the Company while the transaction is being completed. The parties have agreed to extend the date for obtaining the required letters and recommendations to 31 October 2011 by which date CGGC will remit the second tranche payment (of US$500,000) or the Company will repay the initial tranche along with a US$150,000 fee. The completion date is scheduled for 31 December 2011.

21. Contributed equity

	Consolidated entity	
	2011 $	2010 $
167,277,677 (2010: 101,044,344) fully paid ordinary shares	20,591,223	13,260,223
10,000,000 (2010: nil) performance shares	600,000	-
	21,191,223	13,260,223

Contributed Entity (Continued)

	Consolidated Entity	
	2011	2010
a) Ordinary Shares	$	$
At the beginning of the reporting period	13,260,223	11,752,989
Share placement (i), (ii), (v)	2,875,000	150,000
Issue of shares(iii)	1,250,000	1,500,000
Transaction costs	(192,000)	(142,766)
Convertible note conversions (iv), (vi), (vii), (ix), (x)	898,000	-
Acquisition of subsidiary (vii)	2,500,000	-
At reporting date	20,591,223	13,260,223
	No. Shares	No. Shares
At the beginning of reporting period	101,044,344	90,044,344
Share placement (iii)	10,416,666	10,000,000
Share placement (i), (ii)	2,500,000	1,000,000
Share placement (v)	20,833,333	-
Convertible note conversions (iv), (vi) (vii), (ix), (x)	7,483,334	-
Acquisition of subsidiary (vii)	25,000,000	-
At reporting date	167,277,677	101,044,344

	2011	2010
b) Performance Shares	$	$
At the beginning of the reporting period	-	-
Issue of shares(vii)	600,000	-
Transaction costs	-	-
At reporting date	600,000	-
	No. Shares	No. Shares
At the beginning of reporting period	-	-
Issue of shares(vii)	10,000,000	-
At reporting date	10,000,000	-

i. 11 August 2010, the Company issued 2,000,000 ordinary shares at a deemed value of $0.15 per share as payment for consultancy services.

ii. 27 August 2010, the Company issued 500,000 ordinary shares at a deemed value of $0.15 per share as payment for consultancy services.

iii. 6 September 2010, the Company raised $1,250,000 (gross) through the issue of 10,416,666 ordinary shares at $0.12 per share through a placement to sophisticated investors.

iv. 10 November 2010 the Company issued 1,666,667 ordinary shares at $0.12 per share via the conversion of debt to equity.

v. 12 November 2010, the Company raised $2,500,000 (gross) through the issue of 20,833,333 ordinary shares at $0.12 per share through a placement to sophisticated investors.

vi. 26 November 2010 the Company issued 416,667 ordinary shares at $0.12 per share via the conversion of debt to equity.

vii. 9 December 2010 the Company issued 25,000,000 ordinary shares at a deemed value of $0.10 per share for the acquisition of the remaining 25% in Victory West Pty Ltd. The Company also issued 10,000,000 performance shares at a deemed value of $0.06 per share on 24 February 2011 as part consideration for this transaction.

The performance shares are convertible to ordinary shares upon the completion of a 10,000m drilling programme for the Malala Molybdenum Project within 4 years of issue of the Performance Shares.

viii. 18 January 2011 the Company issued 833,333 ordinary shares at $0.12 per share via the conversion of debt to equity.

ix. 28 January 2011 the Company issued 1,966,667 ordinary shares at $0.12 per share via the conversion of debt to equity.

x. 15 February 2011 the Company issued 2,600,000 ordinary shares at $0.12 per share via the conversion of debt to equity.

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of 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.

Performance shares do not entitle the holder to any dividends and shall participate in the proceeds of surplus profits or assets on winding up of the parent entity only to the extent of $0.0001 per performance share. Performance shares do not entitle the holder to vote on any resolutions proposed at a general meeting of shareholders.

c) Capital management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Capital Management (Continued)

	Consolidated entity	
	2011 $	**2010 $**
Total borrowings	4,204,500	2,755,218
Less cash and cash equivalents	(2,026,863)	(411,526)
Net debt	2,177,637	2,343,692
Total equity	21,191,223	13,260,223
Total capital	23,368,860	15,603,915

22. Reserves

Option Reserve

This reserve is used to record the value of options issued over ordinary shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of foreign controlled entities.

Acquisition reserve

On 21 October 2010, Victory West Metals Ltd entered into a Share Acquisition Agreement with the shareholders of Victory West Pty Ltd to formalise its agreement to acquire the remaining 25% of their shares in Victory West Pty Ltd.

The acquisition reserve details the difference between the carrying value of the non-controlling interest in Victory West Pty Ltd as at the date of acquisition of $nil and the consideration paid is recognised in equity attributable to the parent. Accordingly, a debit to Acquisition Reserve of $3,350,000 is reflected in the statement of changes in equity.

a) Share Option Reserve

	Consolidated entity	
	2011 $	2010 $
At the beginning of the reporting period	4,964,481	4,952,561
Issue of options during the year (i)	-	-
Issue of options during the year (ii) (iii)	223,350	11,920
Issue of options during the year (iv)	-	-
At reporting date	**5,187,831**	**4,964,481**

	No. Options	No. Options
At the beginning of reporting period	90,004,650	78,084,650
Issued during the year (i)	5,000,000	11,920,000
Issued during the year (ii), (iii)	12,900,000	-
Issued during the year (iv)	7,483,334	-
Lapsed during the year (v)	(4,000,000)	-
At reporting date	**111,387,984**	**90,004,650**

(i) 24 August 2010, the Company issued 5,000,000 listed options for nil consideration. These options were free attaching to the $1.5million capital raising completed on 21 April 2010.

(ii) 1 September 2010 the Company issued 6,650,000 listed options at a deemed value of $0.03 per option, 750,000 unlisted milestone A options and 500,000 unlisted milestone B options at a deemed value of $0.012 per option to directors, officers and consultants.

(iii) 6 September 2010 the Company issued 2,500,000 unlisted milestone A options and 2,500,000 unlisted milestone B options at a deemed value of $0.012 per option to directors, officers and consultants.

(iv) The company issued 7,483,334 listed options for nil consideration during the course of the year. These options were granted when convertible loan holders converted their loans into equity in the Company.

(v) Mr Rob Hyndes was issued with 4,000,000 performance options during the tear (see iii) however, as a result of his resignation as CEO in June 2011 these options have lapsed and are not capable of being exercised

At 30 June 2011, the Company had the following options on issue:

- 84,137,984 listed options (ASX Code “VWMOA”) which have an exercise price of 20 cents and expiry date of 24 February 2012; and
- 25,000,000 unlisted options which have an exercise price of 20 cents and expiry date of 31 December 2011.
- 1,250,000 unlisted milestone A performance options with an exercise price of $0.25 and an expiry date of 31 August 2014. As a result of employee’s resignations, since the end of the financial year 250,000 milestone A performance options have lapsed and are not capable of being exercised. Please see below for a summary of these performance options milestones and terms.

- 1,000,000 unlisted milestone B performance options with an exercise price of $0.25 and an expiry date of 31 August 2014. Please see below for a summary of these performance options milestones and terms.

Performance Options

The performance options will lapse if for any reason the Optionholder ends its employment, relationship or engagement with the Company. Also, the conversion of each Performance Option is subject to the completion of the following milestones:

(i) the Company announcing to the ASX (or other recognised stock exchange) a JORC compliant resource of at least 120,000 tonnes (265 million pounds) of contained Molybdenum at a minimum grade of at least 600ppm either within one of the permits or total across all of the permits held at that time by the Company (**"Milestone A"**).

(ii) The company having a market capitalisation of $80,000,000 Australian Dollars for 5 consecutive trading days ("Milestone B").

In order for all Performance Options to be converted both Milestone A and Milestone B must be met by the Company. If only one Milestone is met prior to the expiry date then only those Performance options subject to the milestone which is being met are able to be converted.

The fair value of these performance options have been determined based on binomial and black-scholes valuation models at grant date is set out in the table below:

	Milestone A Performance Option	Milestone B Performance Option
Dividend yield (%)	-	-
Expected volatility (%)	82%	82%
Risk-free interest rate (%)	4.655%	4.655%
Expected life of option (years)	4 years	4 years
Option exercise price ($)	$0.25	$0.25
Share price at grant date ($)	$0.115	$0.115
Hurdle discount (%)	75%	75%

The fair value of the listed options at grant date issued to employees is based on the last quoted price of these options.

As approved by Shareholders on 13 August 2010, on 1 and 6 September 2010, the Company issued the following options to employees & officers of the Company:

- 4,650,000 listed options (ASX Code "VWMOA") which have an exercise price of 20 cents and expiry date of 24 February 2012; and

- 3,250,000 unlisted milestone A performance options with an exercise price of $0.25 and an expiry date of 31 August 2014. As a result of employee's resignations 2,000,000 milestone A performance options have lapsed during the financial year and a further 250,000 have lapsed since the end of the financial year.

- 3,000,000 unlisted milestone B performance options with an exercise price of $0.25 and an expiry date of 31 August 2014. As a result of employee's resignations during the period, 2,000,000 milestone B performance options have lapsed.

These options hold no voting or dividend rights. As mentioned above, the milestone A and B performance options lapse if for any reason the optionholder ends its employment, relationship or engagement with the Company and are subject to the satisfaction of performance milestones.

A summary of the movement of all company options issues is as follows:

	2011		2010	
	No. Options	Weighted Average Exercise Price	No. Options	Weighted Average Exercise Price
At the beginning of reporting period	90,004,650	0.20	78,084,650	0.20
Issued	25,383,334	0.21	11,920,000	0.20
Exercised	-	-	-	--
Expired	-	-	-	-
Lapsed	(4,000,000)	0.25	-	-
At reporting date	**111,387,984**	**0.20**	**90,004,650**	**0.20**

Due to employee's resignations, 250,000 performance options have lapsed since 30 June 2011.

The weighted average remaining contractual life of options outstanding at year end was 0.67 years.

	Consolidated entity	
b) Foreign Currency Translation Reserve	**2011 $**	**2010 $**
	(1,755,245)	(315,813)
Balance at the beginning of the financial year	(315,813)	(203,184)
Adjustment arising from the translation of the financial statements of foreign controlled entities	(1,439,432)	(112,629)
Balance at the end of the financial year	(1,755,245)	(315,813)
c) Financial Assets Reserve	**2011 $**	**2010 $**
	-	8,492
Balance at the beginning of the financial year	8,492	-
Adjustment arising from the revaluation of investments in listed entities	(8,492)	8,492
Balance at the end of the financial year	-	8,492

d) Acquisition Reserve	Consolidated Entity 2011 $	2010 $
	(3,350,000)	-
Balance at the beginning of the financial year	-	-
Investment in subsidiary (see note 24)	(3,350,000)	
Balance at the end of the financial year	(3,350,000)	-

23. Accumulated Losses

	Consolidated Entity 2011 $	2010 $
Accumulated losses at the beginning of the financial year.	(3,554,560)	(1,546,941)
Loss attributable to members of the parent entity	(3,692,694)	(2,007,619)
Accumulated losses at the end of the financial year	(7,247,254)	(3,554,560)

24. Acquisition of Minority Interests in Subsidiary

On 21st October 2010, Victory West Metals Ltd entered into a Share Acquisition Agreement with the shareholders of Victory West Pty Ltd to acquire the remaining 25% of their shares in Victory West Pty Ltd.

The consideration transferred was $3,350,000 and was comprised of an issue of equity instruments and a deferred consideration component. The Company issued 25,000,000 ordinary shares with a fair value of $0.10 each, based on the quoted price of shares of Victory West Metals Ltd (VWM) at the date of exchange.

The Company also issued 10,000,000[1] performance shares on 24th February 2011 as part of the purchase consideration. The fair value of the performance shares was deemed to be 50% less than the quoted price of VWM at the date of issue ($0.10 per share).

The deferred consideration is $250,000 to be converted, at the election of VWM, to shares at VWM's next capital raising. At 30 June 2011 the deferred consideration is recognised as a liability in the accounts of the company (refer note 17).

The difference between the carrying value of the non-controlling interest as at the date of acquisition of $nil and the consideration paid is recognised in equity attributable to the parent. Accordingly, a debit to Acquisition Reserve of $3,350,000 is reflected in the statement of changes in equity. (Also refer note 22(d)).

[1] The 10,000,000 Performance Shares are convertible to 10,000,000 Shares upon completion of a 10,000 metre drilling exploration program on the Malala Molybdenum Project by the Company (or a third party on behalf of the Company) before February 2015.

25. Related Party Transactions

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in Directors' Report and in note 7.

Other Income

Receipts of $52,167 (2010: $71,759) were received from Pan Asia Corporation Ltd, an entity related to Mr. Luke Martino for the provision executive financial consulting services. There were no outstanding amounts as at 30 June 2011.

Purchases

Payments of $232,026 (2010: $479,464) were made to Indian Ocean Advisory Services Pty Ltd, an entity which Mr. Luke Martino is a director of for the provision of consulting and administrative services, including rent. These services were provided on normal commercial terms and conditions and at market rates. There was $4,889 outstanding as at 30 June 2011.

Payments of $161,880 (2010: nil) were made to Indian Ocean Corporate Pty Ltd, an entity which Mr. Luke Martino is a director of for the provision of corporate services. These services were provided on normal commercial terms and conditions and at market rates. There were no outstanding amounts as at 30 June 2011.

Payments of $150,000 (2010: $57,596) were made to Splendour Investments Pty Ltd and Atlas Partners Pty Ltd, entities related to Mr. Rob Hyndes for the provision of executive consulting and administrative services, including rent. These services were provided on normal commercial terms and conditions and at market rates. At 30 June 2011 there was $22,000 outstanding. A receivable of $15,000 from Splendour Investments Pty Ltd and a receivable of $50,000 from Atlas Partners Pty Ltd for amounts overpaid were due to the Company at 30 June 2011.

Payments of $108,285 (2010: $10,182) were made to Pan Asia Corporation Ltd, an entity which Mr. Luke Martino is a non-executive director of for the provision of a serviced office in Jakarta and for technical executive consulting services. These services were provided on normal commercial terms and conditions and at market rates. There were no outstanding amounts as at 30 June 2011.

26. Contingent Assets & Liabilities

As mentioned in Note 20, the Company had entered into a Memorandum of Understanding ("MOU") with China Guangshou Group Corp ("CGGC") that, subject to due diligence, CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Molybdenum Project into large scale commercial production by 2016

The parties have agreed to extend the date for obtaining the required letters and recommendations to 31 October 2011 by which date CGGC will remit the second tranche payment (of US$500,000) or the Company will repay the initial tranche along with a US$150,000 fee. The completion date is scheduled for 31 December 2011.

At balance date the Company is not aware of any additional contingent assets or liabilities.

27. Cash Flow Information

Reconciliation of Loss after Income Tax to Net Cash Outflow from Operating Activities

	Consolidated entity	
	2011 $	2010 $
Loss after income tax	(3,693,641)	(2,007,619)
Outside Equity Interest	-	(136,243)
Interest receivable	(40,133)	-
Depreciation	4,945	-
Doubtful debts	51,084	3,425
Share based payments	223,350	-
Impairment of financial assets	9,324	
Interest expense on convertible note	250,495	192,658
Changes in operating assets and liabilities (Increase)/decrease in:		
Trade and other receivables	1,414,529	(936,672)
Increase/(decrease) in:		
Trade payables and accruals	354,723	408,335
Net cash outflow from operating activities	(1,425,324)	(2,476,116)

Total convertible loans issued during the year	1,578,000
Less converted to equity	(898,000)
Less repaid	(100,000)
Outstanding convertible loans as 30 June 2011	580,000

28. Events After the Balance Sheet Date

On the 9th September 2011 the Company announced that it had signed a Heads of Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE), a special purpose company registered in Singapore that has the rights to an 85% interest in the BEK coal project in East Kalimantan. In addition the SEAE group brings a pipeline of 9 coking and thermal Coal concessions in East Kalimantan and initial off take agreements for 200,000 tonnes per month with major global parties.

Importantly, if approved by shareholders and regulatory authorities, the SEAE team will combine with the VWM management and consulting team to create an experienced and extensive team in Indonesia mining operations and engineering that will target significant JORC certifiable resources and production.

On 21 September 2011, Dempsey Resource Pty Ltd and the Company agreed to extend the Convertible Note until 15 November 2011.

Subsequent to the end of the financial year, the company has repaid $25,000 of convertible loans.

On 29 September 2011, the company received a letter alleging an amount due of US$250,000 in relation to Oceantide Investments Pty Ltd transaction. The Company is currently reviewing this claim and as at the date of this report is unable to ascertain the likely financial impact this claim may have on the Company.

29. Parent Entity Disclosures

Parent Entity	2011 $	2010 $
Assets		
Current assets	2,551,056	1,104,734
Non current assets	15,423,046	15,822,999
Total Assets	17,974,102	16,927,733
Liabilities		
Current liabilities	3,979,867	596,397
Non current liabilities	-	2,000,000
Total Liabilities	3,979,867	2,596,397
Net Assets	13,994,235	14,331,336
Equity		
Issued capital	21,191,223	13,260,223
Reserves	5,187,831	4,972,973
Accumulated losses	(12,384,819)	(3,901,860)
Total Equity	13,994,235	14,331,336
Financial Performance		
Profit for the year	(8,482,959)	(2,479,500)
Other comprehensive income	(8,492)	8,492
Total comprehensive Income	(8,491,451)	(2,471,008)

Contingent Liabilities

Refer to Note 26.

Contractual Commitments

As at 30 June 2011 and 30 June 2010 the Parent Company had no contractual commitments.

Addition Information for Listed Companies

Equity Holder Information

a. Distribution of Shareholders (as at 22 September 2011)

Category (size of holding)	No. of shareholders	No. of shares	%
1 – 1,000	552	227,716	0.1
1,001 – 5,000	296	879,735	0.5
5,001 – 10,000	166	1,306,504	0.8
10,001 – 100,000	440	18,345,521	11.0
100,001 – and over	236	146,518,201	87.6
TOTAL	**1,690**	**167,277,677**	**100.0**

The number of shareholders holding less than a marketable parcel of 8,334 shares ($0.06 on 22 September 2011) is 946 and they hold a total of 1,750,587 shares.

b. Twenty Largest Shareholders (as at 22 September 2011)

The names of shareholders that are recorded in the Register of Shareholders (as at 22 September 2011) are as follows:

Name	No. of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,740,378	15.99
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	7,045,733	4.21
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	4,438,787	2.65
CINTRA HOLDINGS PTY LTD <ACCOUNT CINTRA FAMILY>	3,085,614	1.84
ROGUE INVESTMENTS PTY LTD	3,000,000	1.79
YELLOWROCK PTY LTD	2,485,673	1.49
UOB KAY HIAN (HONG KONG) LIMITED <CLIENTS A/C>	2,443,052	1.46
JUNEDAY PTY LTD	2,340,500	1.40
MR VASILIOS VOTSARIS	2,078,700	1.24
MR HARUN ABIDIN	2,000,000	1.20
BWS PTY LTD	2,000,000	1.20
MR ADRIAN STEPHEN PAUL & MRS NOELENE FAY PAUL <ZME SUPERANNUATION FUND A/C>	2,000,000	1.20
JAXONBRIDGE PTY LTD	1,855,186	1.11
MCNEIL NOMINEES PTY LTD	1,800,000	1.08
TEXPOINT PTY LTD	1,791,667	1.07
UNION PACIFIC INVESTMENTS PTY LIMITED	1,513,586	0.90
PPA SERVICES PTY LTD	1,500,000	0.90
EASTERN INVESTMENT LIMITED	1,342,500	0.80
MISS TAN YEN YEN	1,342,500	0.80
BOAMBEE BAY PTY LTD <BOAMBEE BAY A/C>	1,320,709	0.79

c. Details of Substantial Shareholders (as at 22 September 2011)

Name	No. of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,740,378	15.99

d. Distribution of Listed Optionholders (as at 22 September 2011)

Category (size of holding)	No. of option holders	No. of options	%
1 – 1,000	1	802	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	1	8,150	0.0
10,001 – 100,000	45	2,908,896	3.5
100,001 – and over	90	81,220,136	96.5
TOTAL	**137**	**84,137,984**	**100.0**

e. Twenty Largest Optionholders of Listed Options (as at 22 September 2011)

The names of optionholders that are recorded in the Register of listed Optionholders (as at 22 September 2011) are as follows:

Name	No. of Options	% Of Units
DEMPSEY RESOURCES PTY LTD	10,000,000	11.89
STEELFLOW PTY LTD	7,000,000	8.32
MR STEVEN JOHN BODEY	5,229,521	6.22
IMPACT NOMINEES PTY LTD <SYDNEY INVESTMENT A/C>	5,000,000	5.94
MRS REBECCA LEANNE NEWTON	5,000,000	5.94
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,500,000	2.97
MR BERND NEUMANN	2,150,000	2.56
LIGHTHOUSE PROPERTY GROUP PTY LTD	2,000,000	2.38
LJM CAPITAL CORPORATION PTY LTD	1,800,000	2.14
JAXONBRIDGE PTY LTD	1,706,667	2.03
SPLENDOUR INVESTMENTS PTY LTD	1,600,000	1.90
MRS MARGARET MILES	1,534,650	1.82
MERRYWEST INVESTMENTS PTY LTD	1,500,000	1.78
MR GRANT ROBERT NEWTON	1,171,157	1.39
VASSAGO PTY LTD <ASTON A/C>	1,159,687	1.38
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C >	1,000,001	1.19
MR SHAYNE PETER KNIGHT	1,000,000	1.19
MR COREY MICHAEL MCKERROW	1,000,000	1.19
REAL GOLD PTY LTD	1,000,000	1.19
MR ANTHONY WILLIAM PAUL SAGE <EGAS SUPERANNUATION FUND>	1,000,000	1.19

f. Distribution of Unlisted Performance Shares (as at 22 September 2011)

Category (size of holding)	No. of option holders	No. of Performance Shares	%
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	0	0	0.0
10,001 – 100,000	0	0	0.0
100,001 – and over	2	10,000,000	100.0
TOTAL	**2**	**10,000,000**	**100.0**

These performance shares are convertible to ordinary shares upon the completion of a 10,000m drilling program for the Malala Molybdenum Project before 24 February 2015. Each performance share is converted into one ordinary share on achievement of this milestone. If the milestone is not achieved before 24 February 2015, then all of the performance shares will be automatically redeemed for the sum of $0.000001 per performance share.

g. Distribution of Unlisted Optionholders (as at 22 September 2011)

The distribution schedule of the unlisted options with an exercise price of $0.20 and expire on 31 December 2011 are detailed below (as at 22 September 2011)

Category (size of holding)	No. of option holders	No. of options	%
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	0	0	0.0
10,001 – 100,000	2	200,000	0.8
100,001 – and over	8	24,800,000	99.2
TOTAL	**10**	**25,000,000**	**100.0**

The distribution schedule of the unlisted performance options (milestone A & B) with an exercise price of $0.25 and expire on 31 August 2014 are detailed below (as at 22 September 2011)

Category (size of holding)	No. of option holders	No. of options	%
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	0	0	0.0
10,001 – 100,000	0	0	0.0
100,001 – and over	4	2,000,000	100.0
TOTAL	**4**	**2,000,000**	**100.0**

h. Largest holders of unquoted equity securities with a holding of 20% or more (as at 22 September 2011)

Performance Shares:

Name	No. of Performance Shares
MR HARUN ABIDIN	4,000,000
IMPACT NOMINEES PTY LTD <SYDNEY INVESTMENT A/C>	6,000,000

Options with an exercise price of $0.20 and expire on 31 December 2011:

Name	No. of Options
DOMENAL ENTERPRISES LIMITED	5,000,000
IMPACT NOMINEES PTY LTD	5,000,000
MCNEIL NOMINEES PTY LTD	5,000,000
MR KIM JOHN PARHAM	5,000,000

i. Voting Rights

Ordinary shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

Each shareholder entitled to vote, may vote in person or by proxy, attorney or representative

On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote

On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

Options

Options do not carry a right to vote.

Performance Shares

Performance Shares do not carry a right to vote.

j. Share Buy-Backs

There is no current on-market buy-back scheme.

k. Registered Office

The address of the registered office in Australia is:

311 Hay Street
SUBIACO WA 6008
Ph: +61 8 9381 5819

l. Securities Register

Registers of Securities are held at the following addresses:

Computershare Investor Services
Level 2, 45 St George's Terrace
PERTH WA 6000
Ph: 1300 557 010 (within Australia)
Ph: +61 8 9323 2033

m. Stock Exchange Listing

The Company's securities are quoted on the Australian Stock Exchange Limited (VWM) and the Frankfurt Stock Exchange.

n. Interest in Mining Tenements

Holder	Exploration IUP	Location	% interest
PT INTI CEMERLANG	188.45/2447/DISPESDAM	Indonesia	95%
PT ERA MORECO	188.45/2448/DISPESDAM	Indonesia	95%
PT INDO SURYA MORECO	188.45/2536/Bag. Ekon	Indonesia	95%
PT SEMBILAN SUMBER MAS	188.45/2446/DISPESDAM	Indonesia	95%
PT PROMISTIS	188.45/2444/DISPESDAM	Indonesia	95%