FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

For Victory West Metals Limited And Controlled Entities

ABN 66 009 144 503

This Half-Year Report should be read in conjunction with the Company's Annual Report for the year ended 30 June 2011

Contents

Page

Directors' Report.......... 3
Directors' Declaration.......... 7
Auditors' Independence Declaration.......... 8
Statement of Comprehensive Income – For the Half Year Ended 31 December 2011.......... 9
Statement of Financial Position – As at 31 December 2011.......... 10
Statement of Changes in Equity – For the Half Year Ended 31 December 2011.......... 11
Statement of Cash Flows – For the Half Year Ended 31 December 2011.......... 12
Notes to and forming part of the Interim Financial Report.......... 13
Independent Auditor's Review Report.......... 25

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 half year ended 31 December 2011.

The Directors of the Company who held office during or since the end of the half year and until the date of this report were:

Mr. Steven Pynt B.Juris, LLB, MBA.	Chairman and Non-Executive Director
Mr. Michael Scivolo B.Com FCPA	Non –Executive Director
Mr. Wayne Knight	Non- Executive Director

Operating Results

During the period Victory West Metals Limited made a loss of $1,063,298 ($1,996,729 in 2010).

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 half 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 South East Asia Energy Pte Ltd (SEAE), a highly prospective Company with interests in coal projects 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 events during the six month period include:

- On 9 September 2011, the Company announced a fast track entry into the rapidly growing Indonesian coal sector. VWM signed a Heads of Agreement to acquire 100% of South East Asia Energy Resources Pte Ltd (SEAE).
- On 31 December 2011, 25,000,000 unlisted options expired.

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 exploration target, with this work continuing throughout FY2010. 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.

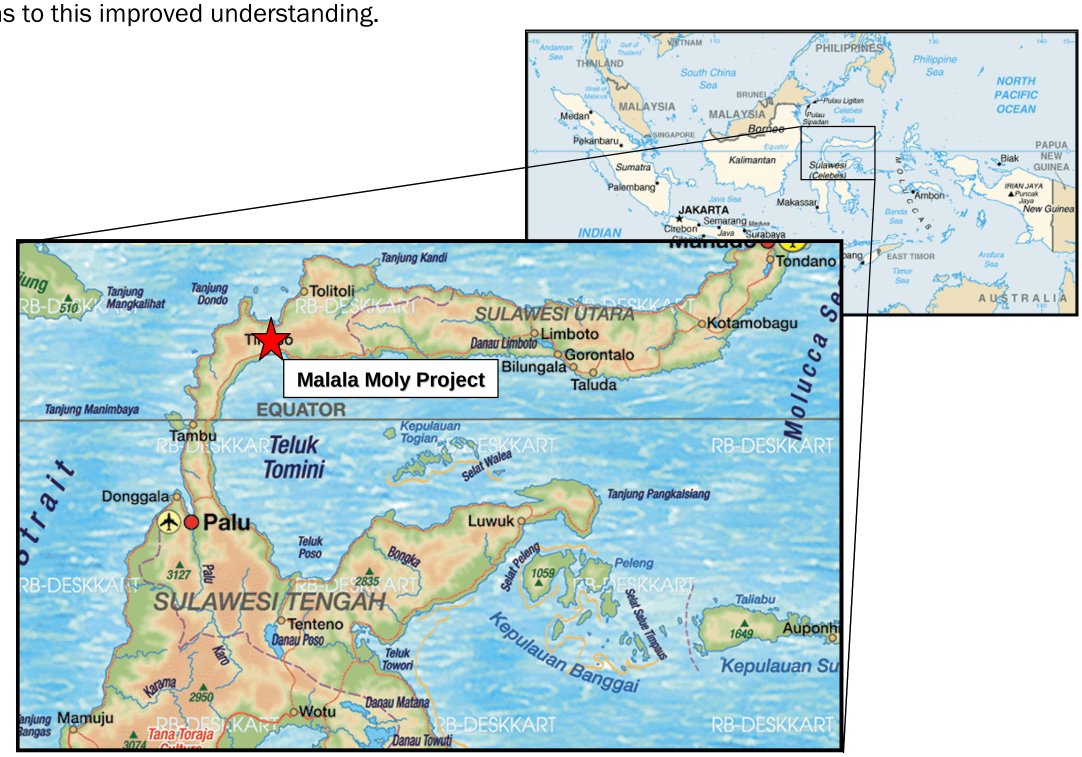

Figure 1 – Location of Malala Molybdenum Project in northern Sulawesi, Indonesia.

The Company has undertaken 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.

[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.*

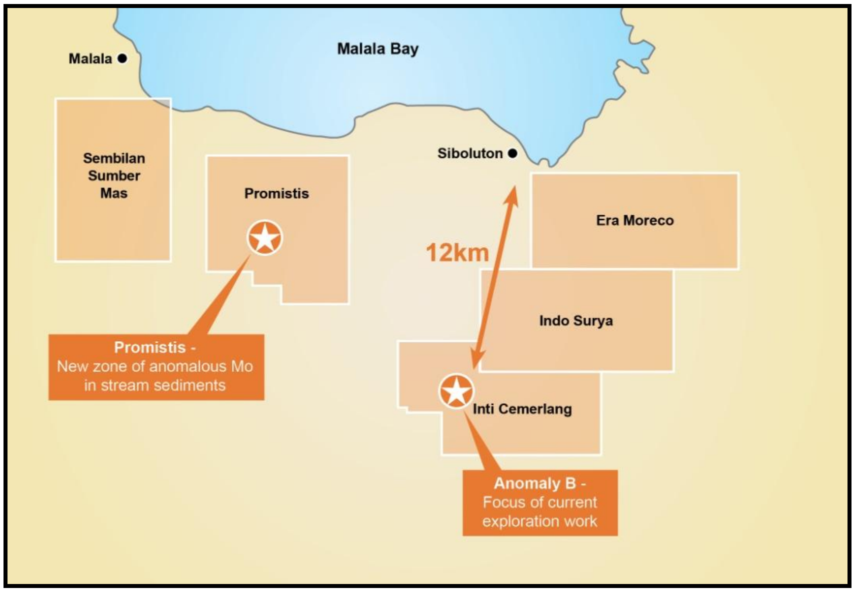

Figure 2 – Malala Molybdenum Project area

<u>China Guangshou Group</u>

The Company previously entered into an agreement with China Guangshou Group Corporation (CGGC). This agreement expired on 31 December 2011 and the Company has been discussing with CGGC the termination of the agreement and renegotiating a new agreement pending final regulatory approvals. The project is still awaiting forestry approval to proceed to production. The Company believes this approval will be obtained in the first half of 2012.

The Company will arrange repayment of US$650,000 to CGGC while continuing negotiations with CGGC on a new agreement pending the receipt of forestry approval. The company has also entered discussions with another Chinese company who has approached the company to finance and develop this project.

The Company intends to complete either a renegotiated agreement with CGGC or a new agreement with another party by the end of the first half 2012.

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 Moly 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 announcement 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 result as they appear.

Subsequent event note

Subsequent to the half year end, there have been a number of key events, including:

- On 24 February 2012 , 84,137,984 Listed Options (VWMOA) expired in accordance with their terms and conditions;
- The Company varied the existing $555,000 convertible loan terms. The facility is on the same terms as the previously announced to the ASX, except key variations are as follows:
  a) The loans are now convertible at the lower of 5 cents per share; or a price equal to 80% of the five (5) day VWAP immediately prior to the Conversion Date.
  b) repayment date on or before 30 June 2012

In addition, the Company wishes to advise that it has accepted a further $200,000 under the same facility and on the same terms.

Dividends Paid or Recommended

No dividends were paid or proposed during the half-year ended 31 December 2011.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

Steven Pynt
Chairman

Dated this 15 day of March 2012

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victory West Metals Ltd, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

    (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

    (b) give a true and fair view of the economic entity's financial position as at 31 December 2011 and the performance for the half-year ended on that date.

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

Steven Pynt
Chairman

Dated this 15th day of March 2012

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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 review of Victory West Metals Limited for the half-year ended 31 December 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 review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 15 March 2012

Statement of Comprehensive Income – For the Half-Year Ended 31 December 2011

	Note	Consolidated	
		31 December 2011	31 December 2010
Revenue	3	172,959	54,200
Depreciation and amortization expense		(3,308)	(2,704)
Project evaluation costs not capitalised		(412,485)	-
Personnel, suppliers and consulting expenses	4	(312,814)	(1,350,470)
Listing expenses		(40,387)	(78,907)
Finance Costs	5	(301,828)	(135,240)
Insurance		(9,726)	(5,752)
Legal Fees		(12,129)	(42,668)
Professional Fees		(35,132)	(137,508)
Travel costs and accommodation		(63,910)	(194,032)
Net foreign exchange losses		(3,717)	-
Impairment of financial assets		(932)	-
Other expenses from ordinary activities		(39,889)	(103,648)
Loss before income tax		**(1,063,298)**	**(1,996,729)**
Income tax expense		-	-
Loss after tax		**(1,063,298)**	**(1,996,729)**
Other comprehensive income			
Exchange difference on translation of foreign operations		352,984	(1,094,342)
Net change in the fair value of available for sale financial assets		-	(6,627)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of tax		**352,984**	**(1,100,969)**
Total comprehensive loss for the period		**(710,314)**	**(3,097,698)**
Loss attributable to:			
Members of the parent entity		(1,063,171)	(1,996,020)
Non-controlling interest		(127)	(709)
		(1,063,298)	**(1,996,729)**
Total Comprehensive loss for the period attributable to:			
Members of the parent entity		(710,187)	(3,096,989)
Non-controlling interest		(127)	(709)
		(710,314)	**(3,097,698)**
Loss per Share			
Basic loss per share (cents)		(0.64)	(1.82)
Diluted loss per share (cents)		(0.64)	(1.82)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim financial report

Statement of Financial Position – As at 31 December 2011

	Note	Consolidated 31 December 2011	30 June 2011
Current Assets			
Cash and cash equivalents		1,404,393	2,026,863
Trade and other receivables	7	505,089	586,559
Prepayments		87,725	93,642
Total Current Assets		1,997,207	2,707,064
Non-Current Assets			
Receivables	8	156,570	49,244
Property, plant and equipment		7,715	11,649
Exploration and evaluation expenditure		15,977,143	15,435,723
Other Financial Assets		7,459	8,392
Total Non-Current Assets		16,148,887	15,505,008
Total Assets		18,146,094	18,212,072
Current Liabilities			
Trade & other payables	9	1,606,118	1,132,471
Short term provisions		-	13,337
Borrowings	10	2,555,000	2,580,000
Other current liabilities	11	640,016	492,029
Total Current Liabilities		4,801,134	4,217,837
Total Liabilities		4,801,134	4,217,837
Net Assets		13,344,960	13,994,235
Equity			
Issued Capital	12	21,252,323	21,191,223
Reserves	13	(3,982,815)	82,586
Accumulated Losses		(3,892,040)	(7,247,254)
Parent interest		13,377,468	14,026,555
Non-controlling interest		(32,508)	(32,320)
Total Equity		13,344,960	13,994,235

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Changes in Equity – For the Half-Year Ended 31 December 2011

	Consolidated							
	Issued capital	Accumulated Losses	Option Reserve	Foreign currency translation	Financial Asset Reserve	Acquisition Reserve	Outside Equity Interest	Total
	$	$	$	$	$	$	$	$
Balance at 1.7.2010	13,260,223	(3,554,560)	4,694,481	(315,813)	8,492	-	(31,487)	14,331,336
Loss attributable to members of parent entity	-	(1,996,729)	-	-	-	-	-	(1,996,729)
Other comprehensive losses	-	-	-	(1,094,342)	(5,866)	-	-	(1,100,208)
Sub-total	13,260,223	(5,551,289)	4,694,481	(1,410,155)	2.626	-	(31,487)	11,234,399
Options issued during the period	-	-	497,625	-	-	-	-	497,625
Acquisition of subsidiary minority interest	-	-	-	-	-	(3,350,000)	-	(3,350,000)
Contributions to equity net of transaction costs	6,875,000	-	-	-	-	-	-	6,875.000
Recognition of outside equity interest	-	-	-	-	-	-	(709)	(709)
Balance at 31.12.2010	20,135,223	(5,551,289)	5,462,106	(1,410,155)	2,626	(3,350,000)	(32,196)	15,256,315
Balance at 1.7.2011	21,191,223	(7,247,254)	5,187,831	(1,755,245)	-	(3,350,000)	(32,320)	13,994,235
Loss attributable to members of parent entity	-	(1,063,171)	-	-	-	-	-	(1,063,171)
Other comprehensive income	-	-	-	352,984	-	-	-	352,984
Sub-total	21,191,223	(8,310,425)	5,187,831	(1,402,261)	-	(3,350,000)	(32,320)	113,284,048
Contributions to equity net of transaction costs	61,100	-	-	-	-	-	-	61,100
Options expired during the period	-	4,418,385	(4,418,385)	-	-	-	-	-
Recognition of outside equity interest	-	-	-	-	-	-	(188)	(188)
Balance at 31.12.2011	21,252,323	(3,892,040)	769,446	(1,402,261)	-	(3,350,000)	(32,508)	13,344,960

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Statement of Cash Flows – For the Half-Year Ended 31 December 2011

	Consolidated	
	31 December 2011	31 December 2010
Cash Flow from Operating Activities		
Receipts from customers	-	-
Payments to suppliers and employees	(258,077)	(792,411)
Interest received	1,859	2,033
Net cash flows (used in) operating activities	(256,218)	(790,378)
Cash Flow from Investing Activities		
Payments for property, plant and equipment	-	(4,415)
Payment for exploration and evaluation expenditure	(196,732)	(748,906)
Loans to shareholders	-	(14,750)
Loans to other entities	(149,000)	(1,484.821)
Loans from other entities	3,726	-
Loans repaid by other entities	50,000	-
Other	-	(1,108)
Net cash flows (used in) investing activities	(292,006)	(2,254,000)
Cash Flow from Financing Activities		
Proceeds from issue of shares and options	-	4,025,000
Proceeds from issue of convertible note	-	1,328,000
Interest paid	(52,196)	(122,490)
Repayment of borrowings	(25,000)	-
Net cash flows provided/ (used in) by financing activities	(77,196)	5,230,510
Net increase/ (decrease) in cash and cash equivalents	(625,420)	2,186,132
Cash and cash equivalents at the beginning of the period	2,026,863	411,526
Net foreign exchange differences	2,950	(22,268)
Cash and cash equivalents at the end of the period	1,404,393	2,575,390

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

1. Notes to the consolidated interim financial report.

(a) Reporting Entity

Victory West Metals Limited (the Company) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2011 comprises the Company and its controlled entities (together referred to as the consolidated entity).

(b) Statement of Compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These condensed half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Victory West Metals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except as contained within the following notes.

(c) Reporting Basis and Conventions

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

(d) New Accounting Standards and Interpretations

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

Impacts of new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

AASB 124 'Related Party Disclosures' (2009), AASB 2009-12 'Amendments to Australian Accounting Standards'

Amends the requirements of the previous version of AASB 124 to:

- Provide a partial exemption from related party disclosure requirements for government-related entities
- Clarify the definition of a related party
- Include an explicit requirement to disclose commitments involving related parties.

AASB 1054 'Australian Additional Disclosures', AASB 2011-1 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project' and AASB 2011-2 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements'.

These standards are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and the Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants, harmonising Australian Accounting Standards and New Zealand equivalents to IFRSs (NZ IFRSs), with a focus on eliminating differences between the standards in each jurisdiction relating to for-profit entities.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Amends a number of pronouncements as a result of the IASB's 2009-2010 cycle of annual improvements including:

- Clarification of content of statement of changes in equity, financial disclosures and significant events.
- Accounting policy changes relating to AASB 1 in year of adoption and amendments to deemed cost.

AASB 2010-5 Amendments to Australian Accounting Standards

This standard amends a range of existing standards to reflect changes made to the text of International Financial Reporting Standards. They have no major impact on the requirements of the amended pronouncements.

AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'

Makes amendments to AASB 7 'Financial Instruments: Disclosures' including additional disclosures to allow users of the financial statements to improve their understanding financial asset transfers and potential risks to the transferring entity.

(e) Going Concern

The financial statements for the half-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 half year the consolidated entity incurred a loss after tax of $1,063,298, net cash outflows from operating activities were $256,218, net cash outflows during the period were $625,420 and at 31 December 2011 had a net current asset deficiency of $2,803,927. Included in this net current asset deficiency are the convertible loans and notes of $2.55 million. Subsequent to balance date, the parties have agreed to extend $555,000 of the unsecured convertible loans to 30 June 2012 (refer note 14). 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 Penajam East Coal Project (part of the SEAE acquisition) to generate cash inflows, supported by preliminary non-binding off-take understandings, in the later part of the financial year should help to strengthen the groups capital management program. The development of the Penajam East 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.

2. Segment Information

The following table presents revenue and profit information and certain asset and liability information regarding the relevant segments for the period ended 31 December 2011 for the consolidated entity.

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.

Six months ended 31 December 2011

	Australia	Indonesia	Total
	$	$	$
Revenue			
Interest revenue	26,100	-	26,100
Other revenue	146,859	-	146,859
Total segment revenue	**172,959**	-	**172,959**
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	-	-	-
Total group revenue	**172,959**	-	**172,959**
Segment net loss before tax	(1,060,744)	(2,554)	(1,063,298)
Reconciliation of segment result to group net loss before tax	-	-	-
Unallocated items			
Net loss before tax from continuing operations			**(1,063,298)**

2. Segment Information (Continued)

	Australia	Indonesia	Total
	$	$	$
Segment assets and liabilities			
Segment assets	2,080,921	16,057,603	18,138,524
Unallocated Assets			7,570
Total assets			18,146,094
Segment liabilities	(4,720,648)	(80,486)	(4,801,134)
Unallocated Liabilities			-
Total Liabilities			(4,801,134)
Other segment information			
Depreciation and amortisation expense	(3,308)	-	(3,308)
Impairment of financial assets	(932)	-	(932)
	(4,240)	-	(4,240)

<u>Six months ended 31 December 2010</u>

	Australia	Indonesia	Total
	$	$	$
Revenue			
Interest revenue	2,033	-	2,033
Other revenue	52,167	-	52,167
Total segment revenue	**54,200**	**-**	**54,200**
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	-	-	-
Total group revenue	**54,200**	**-**	**54,200**
Segment net loss before tax	(1,983,155)	(13,574)	(1,996,729)
Reconciliation of segment result to group net loss before tax			
Unallocated items			-
Net loss before tax from continuing operations			**(1,996,729)**

2. Segment Information (Continued)

	Australia	Indonesia	Total
Segment assets and liabilities	**$**	**$**	**$**
Segment assets	4,802,731	15,626,702	20,429,433
Unallocated Assets			8,027
Total assets			20,437,460
Segment liabilities	(5,174,516)	(6,545)	(5,181,061)
Unallocated Liabilities			-
Total Liabilities			(5,181,061)
Other segment information			
Depreciation and amortisation expense	(1,228)	(738)	(1,966)

3. Revenue

	Consolidated	
	31 December 2011	31 December 2010
	$	$
Interest received	26,100	2,033
Sundry income	146,859	52,167
	172,959	54,200

Sundry income relates to debts forgiven in December 2011.

4. Personnel, Suppliers & Consulting Expenses

	Consolidated	
	31 December 2011	31 December 2010
	$	$
Salaries & wages	65,386	206,905
Employee share/ option incentives	-	497,625
Consultancy fees	218,765	606,940
Directors’ fees	42,000	39,000
Decrease in annual leave provision	(13,337)	-
	312,814	1,350,470

5. Finance Costs

	Consolidated	
	31 December 2011 $	31 December 2010 $
Interest expense	154,132	135,240
Finance fee	147,696	-
	301,828	135,240

Interest expense includes interest payable on convertible notes.

Finance fee relates to CGGC commitment fee (see note 11).

6. Contingent Assets and Liabilities

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

7. Current Trade and Other Receivables

	Consolidated	
	31 December 2011 $	30 June 2011 $
Trade receivables	25,047	73,670
Interest receivable	5,535	-
Other receivables	15,557	22,645
Loan to XS Platinum	458,950	490,244
	505,089	586,559

The loan to XS Platinum Ltd was made on 24 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 other significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

8. Non Current Trade and Other Receivables

	Consolidated	
	31 December 2011 $	30 June 2011 $
Loan to South East Asia Resources Pte Ltd	149,000	-
Other receivables	7,570	49,244
	156,570	49,244

The South East Asia Resources Pte Ltd (SEAE) loan is personally guaranteed by one of its directors and the company has the ability to register a fixed and floating charge over the assets of SEAE in Singapore.

Other receivables include a security deposit for Victory West Metals (Singapore) Pte Ltd.

9. Current Trade and Other Payables

	Consolidated	
	31 December 2011 $	30 June 2011 $
Unsecured liabilities		
Trade payables	574,774	382,876
Sundry payables and accrued expenses	601,403	304,716
Deferred consideration owing to Victory West Pty Ltd vendors	250,000	250,000
Other payables	179,941	194,879
	1,606,118	1,132,471

Payables are unsecured.

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

10. Borrowings

	Consolidated	
	31 December 2011	30 June 2011
Current Borrowings	$	$
Convertible note – secured (a)	2,000,000	2,000,000
Convertible loans – unsecured (b)	555,000	580,000
	2,555,000	2,580,000

(a) The convertible note bears interest at 12% per annum, and had a maturity date of 15 November 2011. 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) Subsequent to 31 December 2011 the Company varied the existing unsecured convertible loan terms. The facility is on the same terms as the previously announced to the ASX, except key variations are as follows:

- The loans are now convertible at the lower of 5 cents per share; or a price equal to 80% of the five (5) day VWAP immediately prior to the Conversion Date.
- repayment date on or before 30 June 2012

Since 31 December 2011, the Company has accepted a further $200,000 in unsecured convertible loans under the same facility and on the same terms mentioned above.

11. Other Current Liabilities

	Consolidated	
	31 December 2011	30 June 2011
	$	$
Commitment fee from CGGC	492,320	492,029
Finance fee from CGGC	147,696	-
	640,016	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. A commitment fee of US$500,000 was received during the year ended 30 June 2011 and is treated as a current liability.

During the half year ended 31 December 2011, the necessary letters and recommendations needed to fulfill the above mentioned contract were not obtained and the Company became liable for the US$150,000 finance fee.

12. Share Capital

	Consolidated	
	31 December 2011 $	30 June 2011 $
168,577,677 (30 June 2011: 167,277,677) fully paid ordinary shares	20,652,323	20,591,223
10,000,000 (30 June 2011: 10,000,000) performance shares	600,000	600,000
	21,252,323	21,191,223

Movements in:

a) Ordinary Shares

	No. of Shares	$
At 1 July 2011	167,277,677	20,591,223
Issue of shares	1,300,000	61,100
Transaction costs	-	-
At 31 December 2011	168,577,677	20,652,323

On 22 December 2011, the Company issued 1,300,000 ordinary shares at a deemed value of $0.047 per share as payment for consultancy services.

13. Reserves

a) Share option reserve

	No. of options	$
At 1 July 2011	111,387,984	5,187,831
Expired options	(25,250,000)	(4,418,385)
At 31 December 2011	86,137,984	769,446

On 31 December 2011, 25,000,000 Unlisted Options Expired in accordance with their terms and conditions.

During the half year ending 31 December 2011, 250,000 Performance Options lapsed in accordance with their terms and conditions.

Share option reserve (continued)

At 31 December 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
- 1,000,000 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, during the period 250,000 milestone A performance options have lapsed and are not capable of being exercised.
- 1,000,000 unlisted milestone B performance options with an exercise price of $0.25 and an expiry date of 31 August 2014.

b) Foreign translation reserve

	Consolidated	
	31 December 2011 $	30 June 2011 $
At 1 July 2011	(1,755,245)	(315,813))
Adjustment arising from the translation of the financial statements of foreign controlled entities	352,984	(1,439,432)
At 31 December 2011	(1,402,261)	(1,755,245)

c) Acquisition reserve

	Consolidated	
	31 December 2011 $	30 June 2011 $
At 1 July 2011	(3,350,000)	-
Consideration paid in excess of carrying value of non-controlling interest	-	(3,350,000)
At 31 December 2011	(3,350,000)	(3,350,000)

14. Events Subsequent to Balance Date

Subsequent to the half year end, there have been a number of key events, including:

- On 24 February 2012 , 84,137,984 Listed Options (VWMOA) expired in accordance with their terms and conditions;

- The Company varied the existing unsecured convertible loan terms. The facility is on the same terms as the previously announced to the ASX, except key variations are as follows:

  c) The loans are now convertible at the lower of 5 cents per share; or a price equal to 80% of the five (5) day VWAP immediately prior to the Conversion Date.
  d) repayment date on or before 30 June 2012

In addition, the Company wishes to advise that is has accepted a further $200,000 under the same facility and on the same terms.

15. Related Party Transactions

Purchases

Payments of $202,988 (2010: $233,590) were made to Indian Ocean Advisory Group 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 $175,988 outstanding as at 31 December 2011.

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

We have reviewed the accompanying half-year financial report of Victory West Metals Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Victory West Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1(e) in the financial report which indicates that the consolidated entity incurred a net loss of $1,063,298 and net operating cash outflows of $256,218 during the period ended 31 December 2011 and, as of that date, the consolidated entity's current liabilities exceeded its total assets by $2,803,927. These conditions, along with other matters as set forth in Note 1(e), 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 15 March 2012