

Quarterly Activities Report – 30 September 2022

Highlights:

- 118-hole aircore (AC) drilling program completed
- Initial p-XRF observations suggest anomalous Rare Earth Element (REE) concentrations in ionic clays over an area of approximately 9.3km²
- Mineralisation remaining open in all directions
- Initial laboratory analysis indicates the REE's are expected to be amenable to leach extraction
- All samples has been delivered to the lab for analysis
- REE Mineral Resource Estimate (MRE) and metallurgical test work is set to commence following a planned reverse circulation drilling program in Q4, 2022
- Completion of an oversubscribed placement which raised \$2M (before costs)
- Acquisition of over 30km² of tenements prospective for Rare Earth Elements (REE)
- Company is well funded with \$3.07M cash and no debt at 30 September 2022

Victory Goldfields (ASX:1VG) (“Victory” or “the Company”) is pleased to report on its activities and the Appendix 5B for the quarter ending 30 September 2022.

Exploration

North Stanmore Rare Earth Element Discovery

During the quarter, the Company announced high grade Rare Earth Element (REE) results that confirm a widespread REE ionic clay mineralisation at the Company's 100% owned North Stanmore project.

Assays confirmed continued widespread REE mineralisation grading up to 3,872ppm TREO. Intersections up to 20m thick have been reported and the latest results continue to display a high ratio (26%) of NdPr and DyTb being valuable and rare magnet REE metals.

The rare earth discovery has also been confirmed from drilling to be associated with several gold occurrences up to 1.7g/t in the area.

The assays of diamond drill core from the alkaline intrusion at North Stanmore extend into the range of HREO/TREO ratios shown by the clay REE hosted system. This indicates that the clay hosted REE mineralisation was likely derived from the alkaline intrusion at North Stanmore.

As a result, a 118-hole AC program was completed subsequent to the end of the quarter between Victory's alkaline intrusion and the rare earth element (REE) discovery 3.5km to the south.

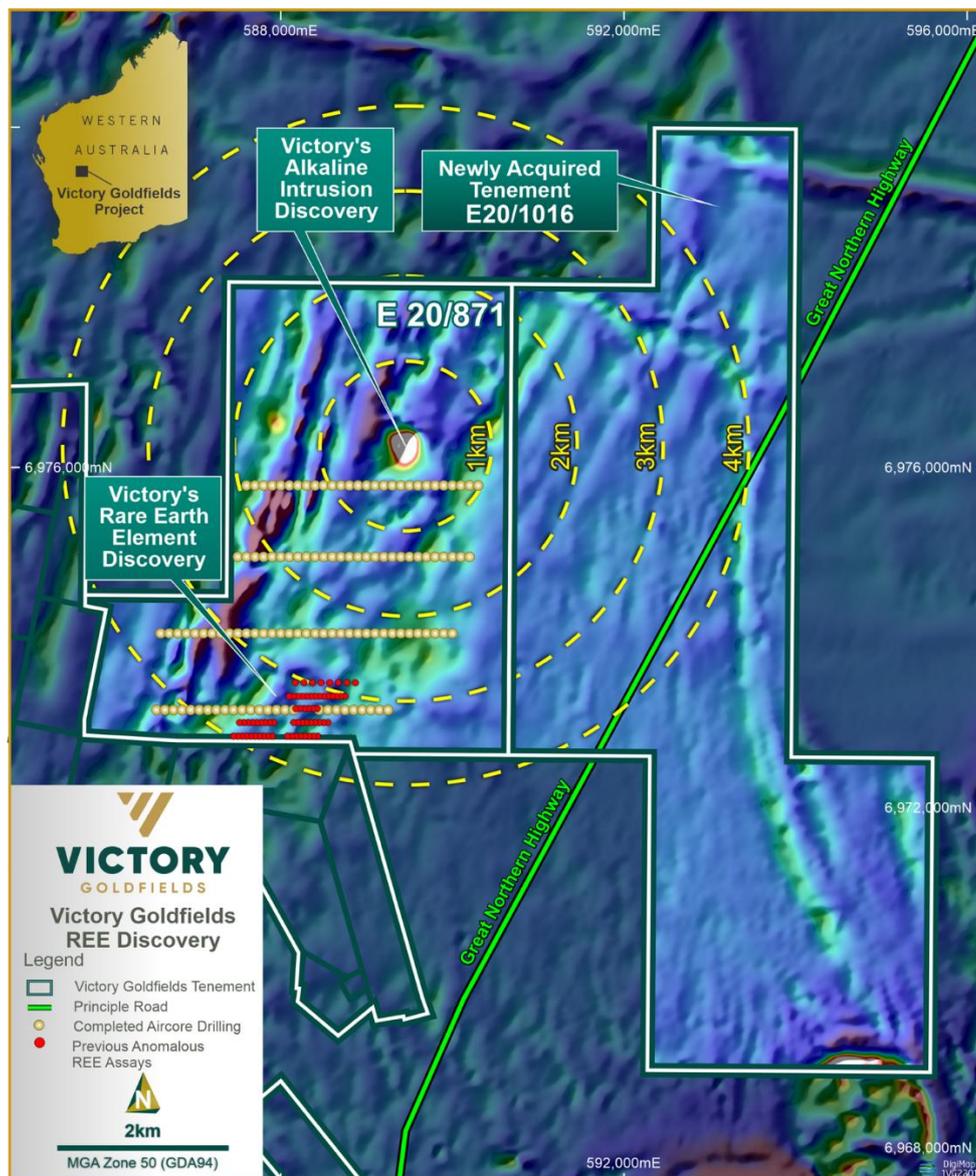


Figure 1 - Victory Goldfields map showing the previously reported REE anomalous drill holes and the drill hole locations of the recently completed RC drilling program

To date, Victory has drilled a total of 11,065m using an AC drill. The current phase of drilling intersected encouraging thickness of clays from surface down to approximately 80m across an area of approximately 9.3km² with reported trace

element vectors of REE being identified by p-XRF analysis. The first tranche of samples has now been delivered to the laboratory for analysis.



Figure 2 - Photo of Seismic Drilling AC drill rig completing the final hole at North Stanmore E 20/871.

Metallurgical Implications of Initial Assay Results

Initial REE recoveries achieved by laboratory analysis using 4 acid and subsequent fusion dissolution of the highly oxidized mineralized samples showed that the majority of samples yielded similar concentrations by both methods. This is interpreted to indicate that REEs in the majority of samples are not hosted by relict primary REE bearing minerals. Thus, REEs should be leachable. This will be confirmed by imminent metallurgical testing. This is important and may result in lower capital and mineral processing costs when compared with hard rock REE deposits.



Figure 3 - Photo of the samples sorted prior to p-XRF analyses. The colour variation in samples reflects changes in the intensity of weathering and extent of development ionic clays

Tenement Acquisitions

During the quarter, the Company expanded its land holding footprint directly adjacent to the Company's recent REE discovery and the large alkaline igneous intrusion at North Stanmore by entering into a Tenement Sale Agreement ("Agreement") for the acquisition of Tenement Application E20/1016 (Figure 1). The tenement application comprising of 11 blocks which borders the entire eastern boundary of Victory's North Stanmore tenement E20/871.

The binding Agreement also includes a further three tenements situated north of Cue comprising granted tenement E51/1939 and two tenement applications E51/2104 and E51/2102 that offer excellent potential for gold exploration.

Tenement Application E20/2016

The tenement application E20/2016 is situated approximately 5km from the Cue township and borders the eastern boundary of Victory's North Stanmore tenement E20/871. Strategically, E20/2016 has direct access to the Great Northern Highway and is 11 graticular blocks in size (approximately 30km²). The tenement is in the advanced stages of granting.

Over 90% of the tenement is overlain by transported and colluvial cover sequences. Mapping by the Geological Survey of WA suggests the underlying geology is predominantly the Cue Tonalite. Regional aeromagnetism suggests lenses of magnetic material may be mafic rocks intruded into the tonalite.

Tenements E51/1939 (Louise), E51/2102 and E51/2104

The Louise project is situated along strike extension of the Meekatharra-Wydney greenstone belt which hosts the Kohinoor/Stakewell north group of workings and approximately 55km northeast from Cue. The tenement is situated adjacent to tenements owned and operated by Odyssey Gold Ltd (ASX: ODY) in the Tuckanarra area. Odyssey have had recent exploration success identifying extensions to their known mineralization at Bottle Dump and Cable-Bollard projects.

Victory acquired the tenements from Mining Equities Pty Ltd ("Vendor") on the following terms:

- Victory acquires 100% of E51/1939 granted tenement and E20/1016, E51/2104 and E51/2102 tenement applications in exchange for 1,200,000 fully paid ordinary shares.
- The Vendor to retain a 1% NSR Royalty from the sale of any mineral mined from the Royalty Area by or on behalf of Victory.
- The Shares issued under this Agreement will be subject to voluntary escrow for 12 months from issue or until the last of the Tenement Applications is granted, whichever occurs first.
- Completion of the acquisition is subject to the satisfaction of standard condition precedents.

Tenement Acquisition P20/2402 and P20/2403

Subsequent to the end of the quarter, the Company entered into agreement with Gary Tegg to acquire the P20/2402 and P20/2403 tenements which are along strike from the company's North Stanmore REE discovery. The tenements are contiguous to Victory's recently granted tenements P20/2468 and P20/2469 and have a combined area of approximately 374(ha).

The combined purchase price for the two tenements is \$25,000.

The Company plans to carry out exploration activities on the tenements in an upcoming exploration program over P20/2468 and P20/2469 in search of an extension to the existing REE discovery at North Stanmore.



Figure 4 - Regional Map showing Victory's tenement package

Processing Plant Due Diligence

Victory commenced due diligence investigations for the acquisition of a former gold CIP/CIL processing plant (Plant) situated approximately 4km west of Cue. The Plant includes a crushing circuit, tailings storage facility (TSF), accommodation, storage and outbuildings along with a former CIP/CIL processing plant that has been in care and maintenance.

The environmental approvals granted for the existing plant are for a cyanide extraction process which in operation could have a much higher environmental impact compared to the predicted method of extraction of REE from a clay-based system that generally require a weak acid dilution process.

Victory's due diligence investigations were focused on timeframes around the construction of a processing plant and TSF, environmental approvals already in place, stakeholder and community engagement and cash flow saving benefits with owning accommodation and storage facilities over the remaining rental period.

Following a period of due diligence and subsequent to the end of the quarter, the Company has exercised its option to acquire the processing plant from Fangally Pty Ltd ("Vendor") on the following terms:

- (i) \$130,000 upon exercise of the Purchase Option;

- (ii) \$260,000 to be satisfied via the issue of 1,300,000 fully paid ordinary shares (at a deemed issue price of \$0.20 per share and subject to six months voluntary escrow); and
- (iii) \$130,000 on 5 January 2023.

Completion of the acquisition is subject to the satisfaction of standard condition precedents.



Figure 5 - Former gold CIP/CIL processing plant and TSF in the background

Corporate

Capital Raise

During the quarter, the Company completed a Placement to raise \$2,000,000 (before costs) from professional and sophisticated investors through the issue of 10,000,000 fully paid ordinary shares at \$0.20 per share plus 5,000,000 unlisted options with an exercise price of \$0.30 and a maturity date 24 months from the date of issue (with each investor to receive one option for every two shares subscribed for under the Placement). The Placement Options will be issued subject to shareholder approval at the Company's upcoming AGM on 9 November 2022.

Cashflows for the Quarter

Attached to this report is the Appendix 5B containing the Company's cash flow statement for the quarter. Exploration expenditure of \$534k mainly related to exploration activities undertaken at North Stanmore REE discovery net of GST refunds received on current and previous exploration expenditure. \$155k expenditure on administration net of GST refunds received on current and previous administration expenditure and corporate costs of which \$60k were payments made to related parties. These payments relate to the consulting agreements for Executive and Non-Executive Directors.

Cash inflows from financing activities relate to the capital raising completed during the quarter.

As of 30 September 2022, the Company had available cash of approximately \$3.07M.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.6 of Victory's IPO Prospectus over a two-year period in comparison to the actual use of funds following admission of Victory to the official list of the ASX:

Use of Funds	Prospectus Amount	Actual to Date
Priority reverse circulation and diamond drilling programmes at Coodardy, Eagle Hawk and Emily Wells	\$1,680,000	\$785,220
Other reverse circulation and diamond drilling and soil geochemistry programs	\$920,000	\$857,072
Professional fees and geological management	\$432,000	\$209,217
Geophysics	\$160,000	\$55,131
Rates, tenement rents, administration and travel expenses	\$288,000	\$407,940
Working capital	\$1,277,000	\$1,015,780
Public Offer expenses	\$63,000	\$37,784
Capital raising fee	\$300,000	\$331,500
Total	\$5,120,000	\$3,699,644

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

September 2022 Quarter - ASX Announcements

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

- 11/10/22 North Stanmore Exploration and Drilling Update
- 21/09/22 Strong Demand for Placement to Advance REE Exploration
- 19/09/22 Rare Earth System Emerging 3km From Existing Discovery
- 13/09/22 9,000M AIRCORE DRILLING PROGRAM TO COMMENCE
- 06/09/22 Widespread Rare Earth Element System Confirmed

31/08/22 Strategic Tenement Adjoining REE Discovery
10/08/22 Major Alkaline Igneous Complex Discovered
20/07/22 HIGH VALUE CRITICAL RARE EARTH ELEMENT DISCOVERY
05/07/22 Significant Gold & Yttrium Anomalies Identified

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

This announcement has been authorised by the Board of Victory Goldfields Limited.

For further information please contact:

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Victory Goldfields: Company Profile

Victory has systematically built a portfolio of assets in the Cue goldfields. Cue is located in the mid-west region of Western Australia, 665 kilometres north-east from Perth. The Cue goldfields are regarded as one of the most prestigious mining districts of Western Australia with a long and successful history of gold exploration and production.

The Company's strategy is to undertake best practice exploration and development of the Victory tenements to identify Mineral Resources and Ore Reserves within its tenement land holding. Leveraging its land holding position, Victory also aims to acquire additional gold opportunities within the Cue goldfields district, either through joint venture or tenement acquisition.

Competent Person Statements

Professor Ken Collerson

Statements contained in this report relating to exploration results, scientific evaluation, and potential, are based on information compiled and evaluated by Professor Ken Collerson. Professor Collerson (PhD) Principal of KDC Consulting, and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), is a geochemist/geologist with sufficient relevant experience in relation to rare earth element and critical metal mineralisation being reported on, to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral resources and Ore reserves (JORC Code 2012). Professor Collerson consents to the use of this information in this report in the form and context in which it appears.

Appendix 1 – Interest in Mining Tenements

Tenement ID	Status	Location	Interest at the beginning of the quarter	Interest acquired or disposed	Interest at the end of the quarter
E20/871	Live	Mafeking Bore	100%	-	100%
E20/1016	Application	Cue	-	-	-
E20/1034	Application	Cue	-	-	-
E20/1035	Application	Cue	-	-	-
G20/25	Live	Victory Buttercup Mine Site	100%	-	100%
M20/128	Live	Cuddingwarra	100%	-	100%
M20/129	Live	Cuddingwarra	100%	-	100%
M20/263	Live	Eaglehawk	100%	-	100%
M20/288	Live	Cue	100%	-	100%
M20/305	Live	Cue	100%	-	100%
M20/327	Live	Curtis Find	100%	-	100%
M20/33	Live	Tuckanarra	100%	-	100%
M20/360	Live	Emily Well	100%	-	100%
M20/455	Live	Karbar	100%	-	100%
M20/480	Live	Nindan Hill	100%	-	100%
M20/494	Live	Cue	100%	-	100%
M21/125	Live	Cue	100%	-	100%
M21/143	Live	Day Dawn	100%	-	100%
M21/158	Live	Webbs Patch	100%	-	100%
M21/26	Live	Day Dawn	100%	-	100%
M21/86	Live	Day Dawn	100%	-	100%
M21/94	Live	Day Dawn	100%	-	100%
M21/95	Live	Day Dawn	100%	-	100%
M20/543	Application	Emily Wells	-	-	-
M20/544	Application	Mafeking Bore	-	-	-
M20/546	Application	Mafeking Bore	-	-	-
M20/550	Application	Mafeking Area	-	-	-
L20/72	Application	Emily bore/Mafeking bore	-	-	-
P20/2007	Live	Mafeking Bore	100%	-	100%
P20/2153	Live	Cue	100%	-	100%
P20/2225	Live	Cuddingwarra	100%	-	100%
P20/2226	Live	Cue	100%	-	100%
P20/2248	Live	East of Emily Wells	100%	-	100%
P20/2249	Live	Emily Wells	100%	-	100%
P20/2250	Live	South of Emily Wells	100%	-	100%
P20/2331	Live	Emily Wells	100%	-	100%
P20/2333	Live	Jims Find	100%	-	100%
P20/2334	Live	Jims Find	100%	-	100%
P20/2352	Live	Cue	100%	-	100%
P20/2353	Live	Cue	100%	-	100%

Tenement ID	Status	Location	Interest at the beginning of the quarter	Interest acquired or disposed	Interest at the end of the quarter
P20/2354	Live	Cue	100%	-	100%
P20/2355	Live	Cue	100%	-	100%
P20/2356	Live	Cue	100%	-	100%
P20/2357	Live	Cue	100%	-	100%
P20/2358	Live	Cue	100%	-	100%
P20/2359	Live	Cue	100%	-	100%
P20/2360	Live	Cue	100%	-	100%
P20/2383	Live	Cue	100%	-	100%
P20/2397	Live	Beringarra	100%	-	100%
P20/2398	Live	Mafeking Bore	100%	-	100%
P20/2409	Live	Murchison	100%	-	100%
P20/2410	Live	Murchison	100%	-	100%
P21/718	Live	Day Dawn	100%	-	100%
P21/772	Live	Trenton hill	100%	-	100%
P21/773	Live	Trenton hill	100%	-	100%
P21/774	Live	Cue	100%	-	100%
P21/775	Live	Cue	100%	-	100%
P21/776	Live	Cue	100%	-	100%
P20/2468	Live	Cue	-	-	100%
P20/2469	Live	Cue	-	-	100%
P20/2402	Transfer	Cue	-	-	-
P20/2403	Transfer	Cue	-	-	-
E51/1939	Transfer	Cue North	-	-	-
E51/2102	Application	Cue North	-	-	-
E51/2104	Application	Cue North	-	-	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Victory Goldfields Limited

ACN

124 279 750

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation		
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(155)	(155)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (R&D Tax Refund)	-	-
1.9 Net cash from / (used in) operating activities	(155)	(155)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(534)	(534)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Acquisition of entity (cash acquired)	-	-
2.6	Net cash from / (used in) investing activities	(534)	(534)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	2,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(131)	(131)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9a	Proceeds from issues of equity securities to be allotted	-	-
3.9b	Repayment of lease liabilities	-	-
3.10	Net cash from / (used in) financing activities	1,869	1,869
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,894	1,894
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	(155)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(534)	(534)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,869	1,869
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,074	3,074

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,074	1,894
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,074	1,894

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1*	60
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

** Payments in relation to Director's fees for the period.*

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	[]	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	[]	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(155)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(534)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(689)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,074
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,074
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2022.....

Authorised by:The Board of Directors of the Company.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.