



## Quarterly Activities Report – 30 June 2023

### Highlights

- All RC drilling assay results received and combined with AC drilling assay results confirm 987ppm Total Rare Earth Oxide (TREO) grade from 219 holes throughout 34km<sup>2</sup> area drilled with mineralisation remaining open in all directions at the North Stanmore REE project.
- Outstanding metallurgical recoveries of Heavy Rare Earth Elements (REE) at the North Stanmore Project;
  - Initial results included up to 63.6% Lutetium (Lu), 60% Dysprosium (Dy) and 58% Terbium (Tb) which are critical and valuable Rare Earth Elements (REE)
  - Later testwork results demonstrated recoveries of Light Rare Earth Elements (LREE) up to 78% Neodymium (Nd) and 76% Praseodymium (Pr) and Heavy Rare Earth Elements (HREE) with up to 79% Dysprosium (Dy) and 80% Terbium (Tb)
- Metallurgical beneficiation test work shows North Stanmore clay samples are highly amenable to upstream beneficiation, which has the potential to significantly reduce downstream processing costs and capital costs per product tonne.
- Acquisition of tenements E20/971, P20/2345 and P20/2346 has extended the exploration area at North Stanmore to approximately 118.5km<sup>2</sup>.
- Completed an oversubscribed placement to raise \$3,000,000 (before costs) with Proceeds utilised to further advance the Company's North Stanmore Rare Earth Element (REE) Project in Cue, Western Australia.
- CEO and Executive Director, Mr Brendan Clark, exercised 1,096,362 unlisted options at a price of \$0.20 each to contribute \$219,272 to the working capital of the Company.
- The Company remains well funded with approximately \$3.03M in cash at 30 June 2023

Victory Metals (ASX:VTM) ("Victory" or "the Company") is pleased to report on its activities and the Appendix 5B for the quarter ending 30 June 2023.

### **EXPLORATION**

#### **North Stanmore Rare Earth Element Project**

#### **Completion of RC Drilling with High Content of Heavy Rare Earth Elements**

During the Quarter, all assay results from the infill Reverse Circulation (RC) drill program at the Company's North Stanmore REE project were received and continue to support the high grade, scale and low radioactive elements of this ionic clay deposit. The North Stanmore REE

Project is located approximately 10km north from the town of Cue, Western Australia and bordered to the east by the Great Northern Highway.

The completed RC drilling assays combined with previously reported AC drilling assays define an average total rare earth element oxide (TREO) grade of 987ppm and significant content of the valuable heavy rare earth element oxides (HREO) totalling 34% (HREO/TREO). Importantly, the results have provided confirmation of the continuity of the REE system that was originally identified by Air Core drilling.

### **Metallurgical Testwork Provides Excellent Recoveries**

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

The maiden metallurgical testwork results were received from a total of 6 representative samples collected from across the project area with results confirming exceptional HREE leachability at North Stanmore. Positive extraction of HREE was the focus over LREE from this maiden metallurgical program, with significant recoveries reported of up to 63.6% Lu, 60% Dy and 58% Tb, being critical and very valuable REE. The high recoveries were achieved economically by leaching using low-cost combined ammonia sulphate (NH<sub>4</sub>)<sub>2</sub>SO<sub>4</sub> and weak sulphuric acid H<sub>2</sub>SO<sub>4</sub>, at 50°C and low leach times.

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

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

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

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

The implications of the diagnostic test results on project yield and economics will be assessed and incorporated appropriately into the initial JORC MRE which is rapidly progressing.

The Company is also pleased to report the commencement of an advanced metallurgical test work program by Core..

### Rare Earth Feed Grades Increased by up to 148%

Subsequent to the Reporting Period, Victory announced that the beneficiation metallurgical results were received from a total of 31 AC drill samples, obtained within the JORC Resource modelling area, which were combined into ten metallurgical composites representing various geometallurgical domains for testwork.

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

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

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

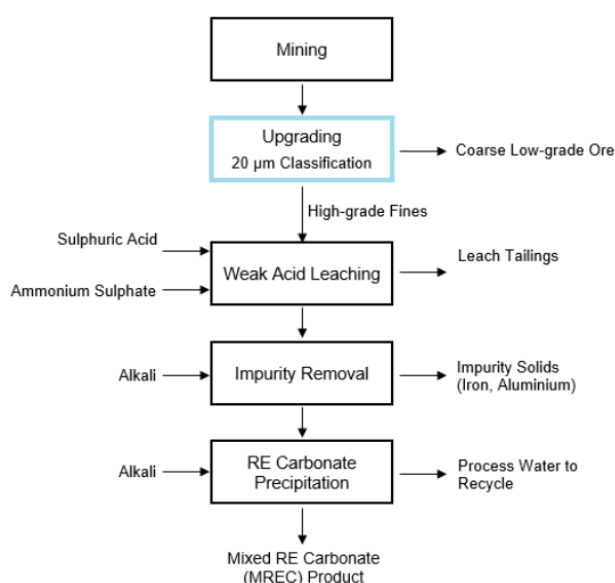


Figure 1. General Proposed Flowsheet for REE Clay Processing

## Tenement acquisitions E20/971

During the quarter, Victory acquired the large scale tenement E 20/971 which is directly north of the Company's North Stanmore rare earth element project,. The tenement is approximately 46.5km<sup>2</sup> and consists of 15 blocks.

With this additional tenement, the exploration area at North Stanmore is now approximately 118.5km<sup>2</sup>.

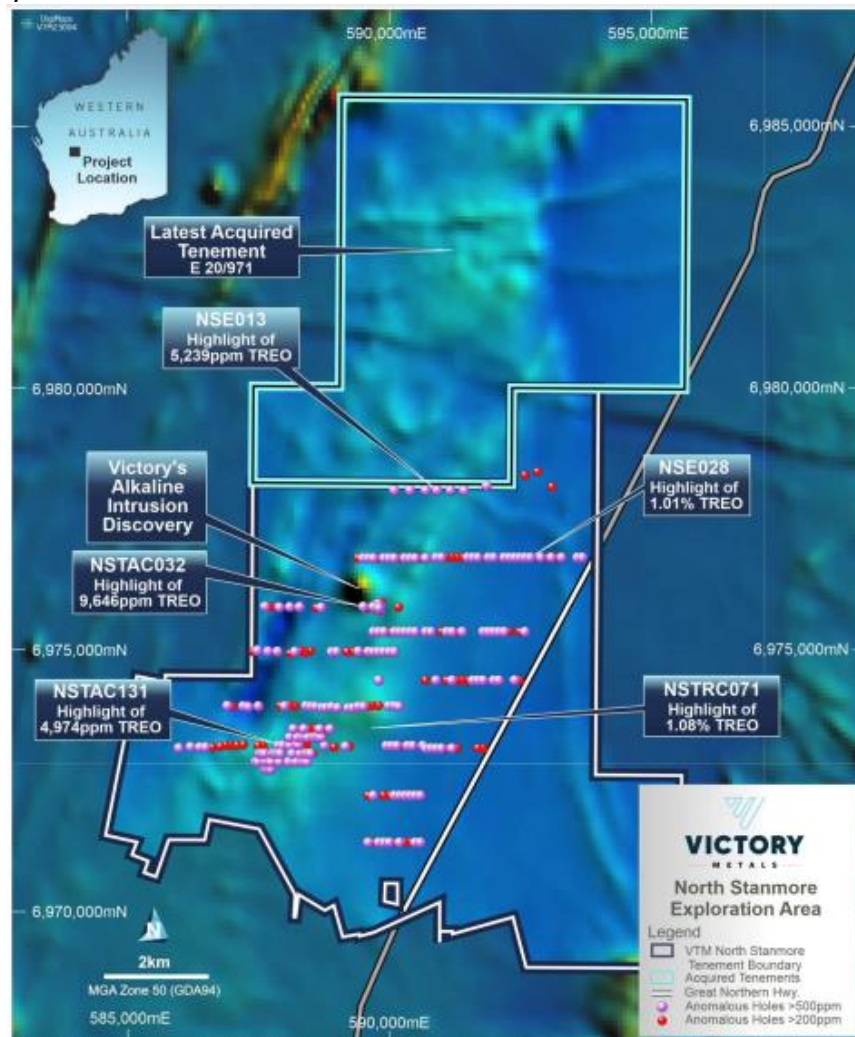


Figure 2. Victory Metals map showing the location of the AC drill holes with anomalous rare earth elements >200ppm and the wide distribution of highlighted assays and the newly acquired tenement E 20/971.

## CORPORATE

### Successful \$3M Placement

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

### CEO Provides Further Funding Demonstrating Strong Support

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

### 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 \$738K mainly related to exploration activities undertaken at the North Stanmore REE Project net of GST refunds received on current and previous exploration expenditure. \$307K expenditure on administration net of GST refunds received on current and previous administration expenditure and corporate costs of which \$117 were payments made to related parties. These payments relate to the remuneration agreements for Executive and Non-Executive Directors and to SmallCap Corporate Pty Ltd ("SmallCap") for providing company secretary, accounting and office services to the Company. Non-Executive Director James Bahen is a shareholder and director of SmallCap.

The Company had cash inflows from financing activities of \$3M (before costs) from the completed Placement and \$219K through the conversion of unlisted options.

As at 30 June 2023, the Company had available cash of approximately \$3.03 million.

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	\$2,681,232
Professional fees and geological management	\$432,000	\$583,731
Geophysics	\$160,000	\$121,685
Rates, tenement rents, administration and travel expenses	\$288,000	\$628,802
Working capital	\$1,277,000	\$2,230,772
Public Offer expenses	\$63,000	\$37,784
Capital raising fee	\$300,000	\$331,500
Total	\$5,120,000	\$7,400,725



It's noted that the Company has raised \$5.0M (before costs) in additional funds via a Placements and has received approximately \$747K via the conversion of options after the Company's IPO prospectus. These funds have been used, amongst other things, to expedite exploration at the Company's recently discovered North Stanmore Rare Earth Element Project, completing further drilling and assaying, and undertaking additional activities necessary to achieve these objectives.

The Company continually reviews all expenditures incurred since the Company's admission to the ASX and is satisfied that they are both necessary and reasonable and are effectively allowed for in the separate allocation of funds for working capital included in the IPO budget.

The Company confirms that the key business objectives underlying the expected use of funds in the IPO Prospectus remain intact.

### **June 2023 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:

06/07/2023	Rare Earth Feed Grades Increased By Up To 148%
26/06/2023	CEO Provides Further Funding Demonstrating Strong Support
13/06/2023	Follow Up Met Testwork Provides Excellent Recoveries
15/05/2023	RC Drilling Assays Completed With High Content Of Heavy REE
10/05/2023	Successful \$3M Placement to Advance REE Project
01/05/2023	Exceptional Recoveries Of Critical Heavy Rare Earth Elements
17/04/2023	RC Drilling Confirms HREE Mineralisation
06/04/2023	Victory Expands Rare Earth Element Exploration Area

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

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

**For further information please contact:**

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### **Victory Metals Limited: Company Profile**

Victory is focused upon the exploration and development of its Rare Earth Element (REE) and Scandium Discovery in the Cue Region of Western Australia. Victory's key assets include a portfolio of assets located in the Midwest region of Western Australia, approximately 665 km

from Perth. Victory's Ionic clay REE discovery is rapidly evolving with the system demonstrating high ratios of Heavy Rare Earth Oxides and Critical Magnet Metals NdPr + DyTb.



Figure 3. Regional Map showing Victory Metals tenement package and pending tenements.

## 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	Live	Cue	100%	-	100%
E20/1053	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	Live	Emily Wells	100%	-	100%
M20/544	Live	Mafeking Bore	100%	-	100%
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%
P20/2354	Live	Cue	100%	-	100%
P20/2355	Live	Cue	100%	-	100%
P20/2356	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
P20/2357	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%	-	100%
P20/2469	Live	Cue	100%	-	100%
P20/2402	Live	Cue	-	100%	100%
P20/2403	Live	Cue	-	100%	100%
P20/2345	Live	Cue	-	100%	100%
P20/2346	Live	Cue	-	100%	100%
E51/1939	Live	Cue North	100%	-	100%
E51/2102	Live	Cue North	100%	-	100%
E51/2104	Live	Cue North	100%	-	100%
E20/971	Live	Cue North	-	100%	100%

## Appendix 5B

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

Name of entity

Victory Metals Limited

ACN

124 279 750

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(100)	(100)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(307)	(842)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	20
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(397)</b>	<b>(922)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(54)	(314)
	(d) exploration & evaluation	(638)	(2,977)
	(e) investments	-	-
	(f) other non-current assets	(25)	(25)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	50
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Acquisition of entity (cash acquired)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(717)</b>	<b>(3,266)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	5,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	219	747
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(192)	(335)
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	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,027</b>	<b>5,412</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,205	1,894
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(397)	(922)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(717)	(3,266)

## 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 (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,027	5,412
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,118</b>	<b>3,118</b>

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	1,118	1,205
5.2	Call deposits	2,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,118</b>	<b>1,205</b>

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*	117
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p><i>* Payments in relation to Director's fees for the period.</i></p>		

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

<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(397)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(638)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,035)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,118
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,118
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.0
<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: .....18 July 2023.....

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.