



**VICTORY GOLDFIELDS LIMITED**  
**(FORMERLY HUGHES DRILLING LIMITED)**  
**ABN 12 124 279 750**

**FINANCIAL REPORT**  
**HALF YEAR ENDED 31 DECEMBER 2021**

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## Contents

	Page
Directors' Report	3
Auditors declaration of independence	11
Statement of profit or loss and other comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	27
Independent Auditor's Report	28

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Victory Goldfields Limited (formerly Hughes Drilling Limited) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## Directors' Report

Your directors present their report on the Group consisting of Victory Goldfields Limited (formerly Hughes Drilling Limited) (the 'Company') and controlled entities at the end of, or during, the period under review from 1 July 2021 to 31 December 2021.

### Directors

The following persons were directors of the Company during the period under review and up to the date of this report:

Mr Trevor Matthews Executive Chairman (appointed 22 July 2021)  
Mr Brendan Clark Non-Executive Director (appointed 22 July 2021)  
Mr James Bahen Non-Executive Director & Joint Company Secretary (appointed 22 July 2021)  
Mr John Gilfillan Non-Executive Director Appointed 6 November 2020; Resigned 22 July 2021  
Mr Stephen Hewitt-Dutton Non-Executive Director Resigned 22 July 2021  
Mr Simon Whybrow Non-Executive Director Appointed 22 October 2020; Resigned 22 July 2021

### Review of Operations

The loss for the Group, after providing for income tax, amounted to \$3,295,565.

On 22 July 2021, the Company commenced trading on the Australian Securities Exchange ("ASX") following a successful Public Offer to raise \$5 million (before costs).

The Company completed a total of 3,821m of Reverse Circulation ("RC") drilling across three projects – Coodardy, Emily Wells and Nemesis (Tuckanarra). The RC drilling followed the successful auger soil geochemical programs and the results of the DD drilling program at Coodardy.

#### Coodardy

Historical RAB and RC drilling identified shallow gold mineralisation at the Coodardy Project in the 1980s. Historical drilling intersections included 12m at 4.5 g/t Au from 12m and 14m at 4.21 g/t Au from 14m<sup>1</sup>. These intersections are situated in the oxidised weathered profile at Coodardy.

A total of 17 drill holes for 1,453m of RC drilling were completed to confirm these shallow non-JORC compliant historical intersections and forms part of a larger resource definition drilling program to successfully delineate a maiden JORC 2012 compliant resource at Coodardy.

Subsequent to the end of the period, the Company received outstanding results with high grade gold intersections over a mineralised strike length of 300 metres<sup>2</sup>.

Six drill sections within the Coodardy tenement (M20/455) were spaced at 50m, with hole spacing along sections averaging 25-30m.

Best intersections from Coodardy are summarised below:

- 8m @ 7.7 g/t Au from 24m in 21CORC009
- 12m @ 5.4 g/t Au from 12m in 21CORC008
- 8m @ 5.8 g/t Au from 36m in 21CORC012
- 4m @ 5.3 g/t Au from 24m in 21CORC02
- 8m @ 2.5 g/t Au from 8m in 21CORC015
- 4m @ 3.2 g/t Au from 40m in 21CORC06

Figure 1 illustrates the location of the RC drill holes together with their surface traces.

<sup>1</sup> Refer to ASX announcements titled "Investor Presentation – July 2021" dated 26 July 2021 and "Prospectus" dated 20 July 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in this document.

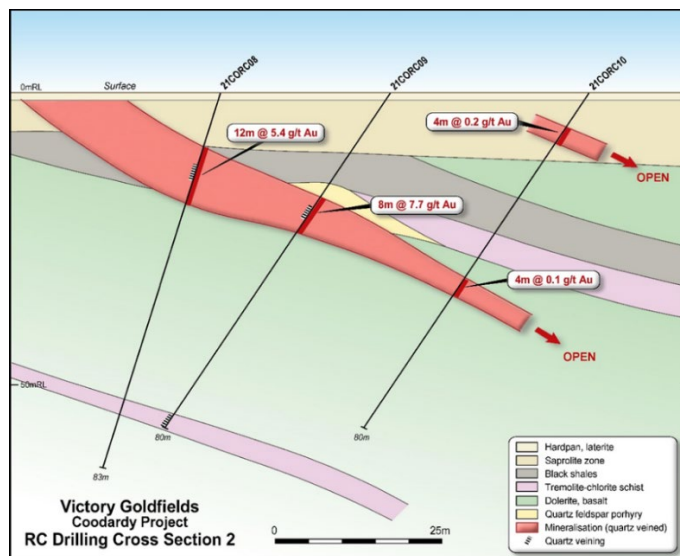
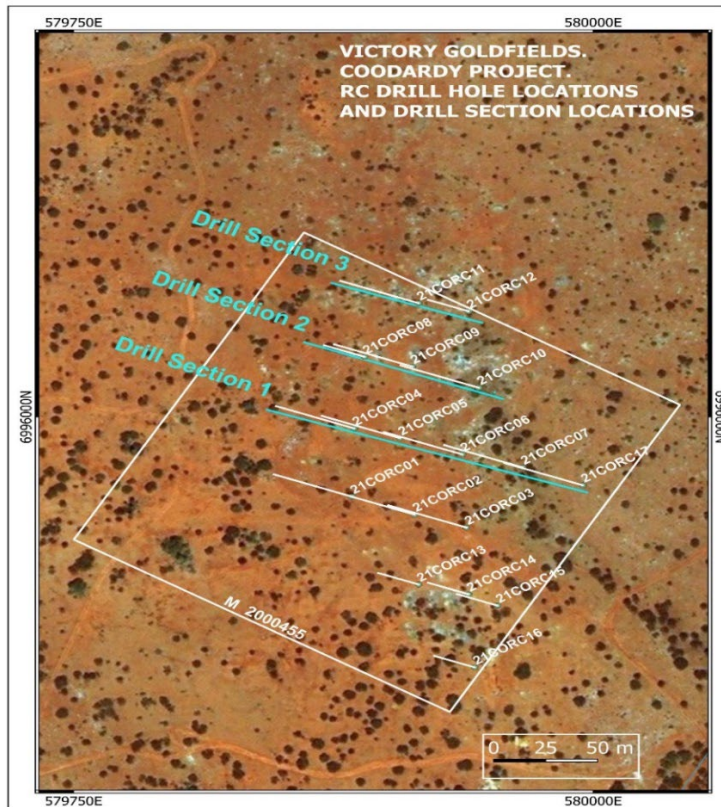
<sup>2</sup> Refer to ASX announcement titled "Outstanding High Grade Intersections at Coodardy" dated 24 January 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in this document.

## Directors' Report (continued)

Drilling was undertaken using industry standard practice, including downhole surveying, suitable QAQC controls on assaying and sampling to ensure maximum representivity of samples, best practice recording and storage of lithologies and alteration, suitable for calculation of a potential mineral resource.

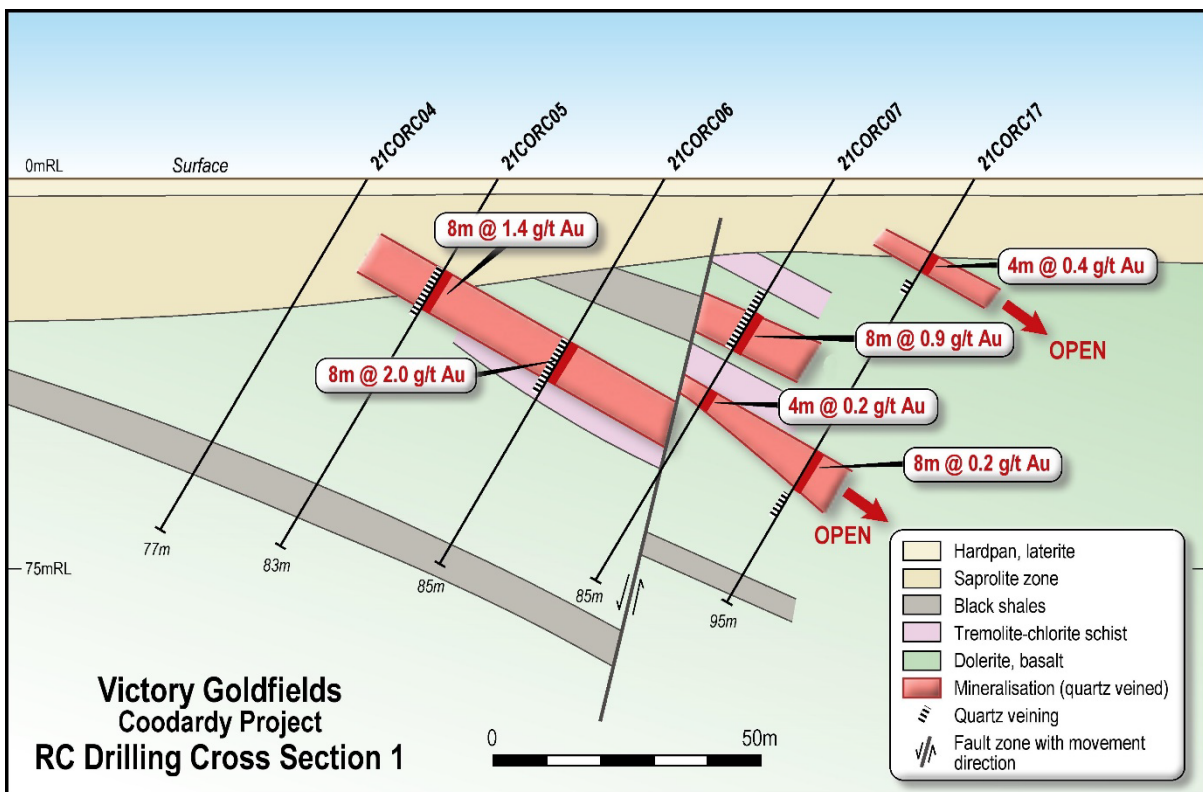
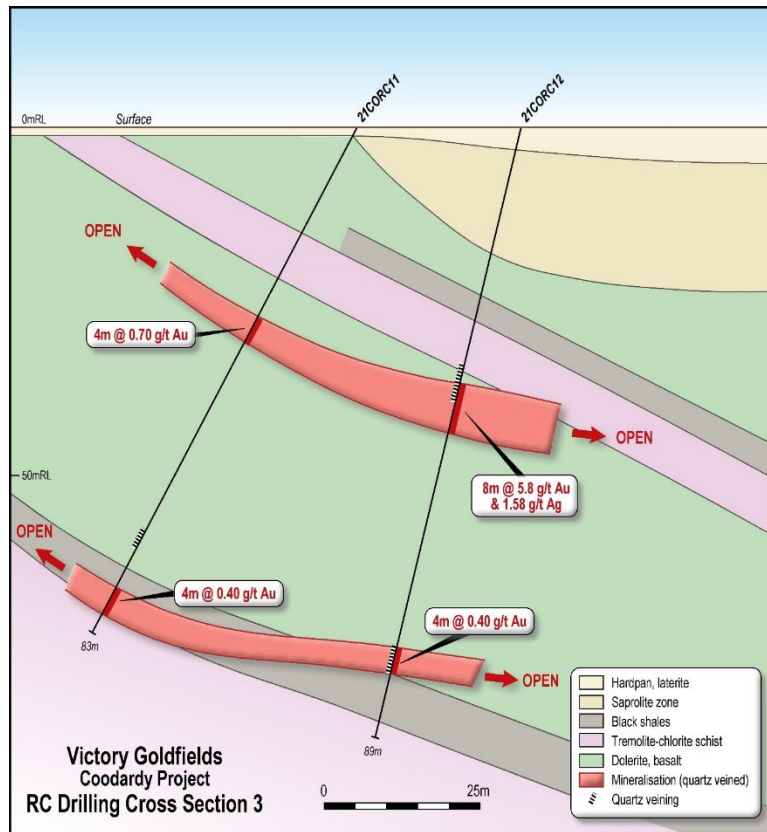
The north – south striking, shallowly east dipping mineralisation is continuous between the 6 drilling sections throughout the 300 metre length of the tenement. Significant mineralisation rarely extends 50 metres below surface, as suggested in July's diamond drill program at Coodardy.

Figure 1 below identifies the location of the drilling cross sections with Figures 2, 3 and 4 identifying three cross sections of the drilling.



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Directors' Report (continued)



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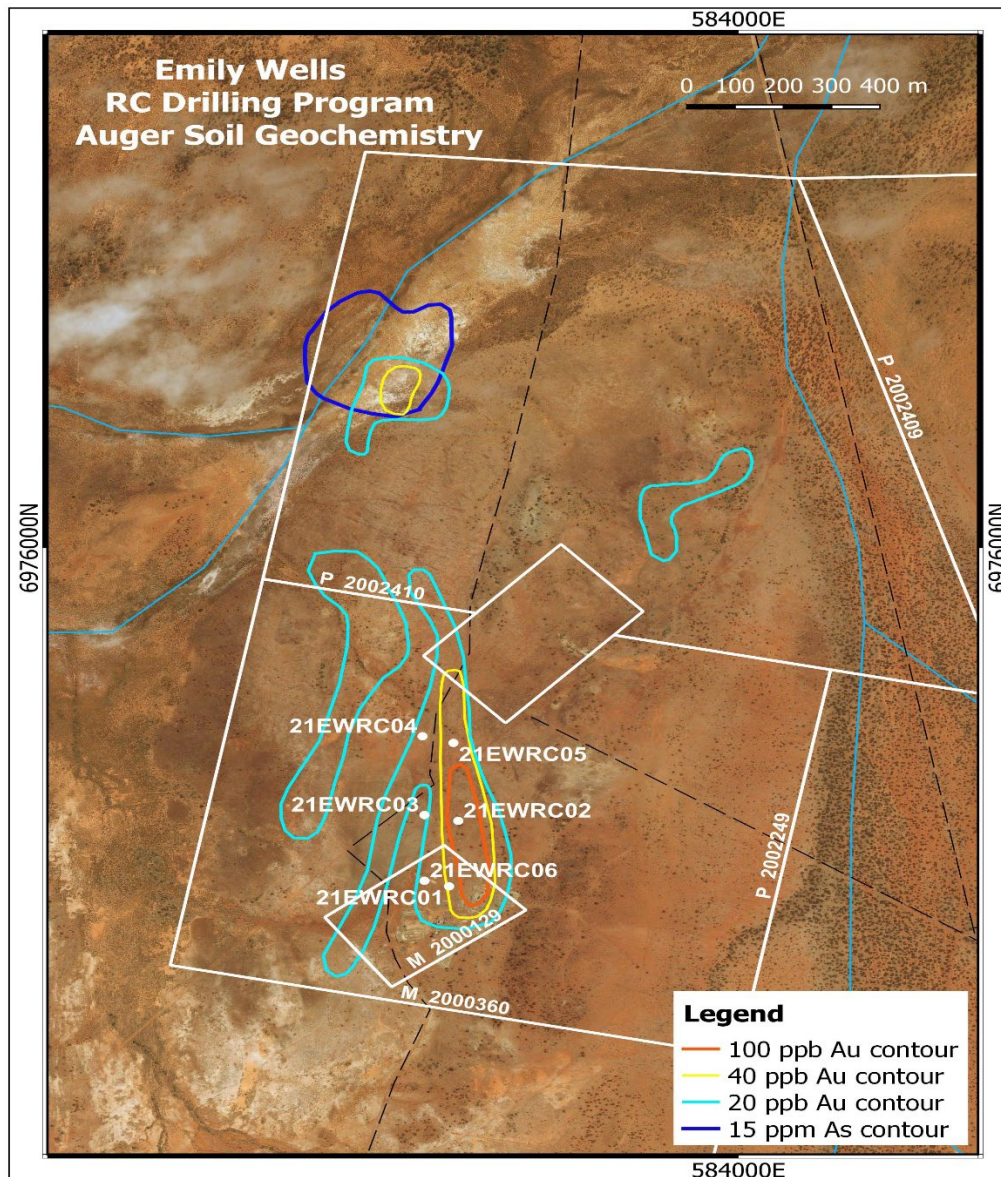


## Directors' Report (continued)

### Emily Wells

Shallow historical economic drilling intersections exist at the Oxonia Pit, within the Emily Wells Project. Victory's current exploration campaign includes testing the strong and continuous soil anomaly that lies adjacent to the Oxonia mineralisation. 6 drill holes were completed (EWRC holes in Figure 5 below) for 888m of RC drilling.

The Company previously announced the grant of two tenement applications located immediately to the north of the Emily Wells project<sup>3</sup>. The tenements continue Victory's contiguous tenement holding in the area. P20/2410 has had no historical drilling and the Company completed an auger drilling program on tenement P20/2410 (Emily Wells North).



<sup>3</sup> Refer to ASX announcement dated 25 August 2021 titled "Victory Progresses Diamond Drilling on Advanced Projects".

## Directors' Report (continued)

The auger program identified anomalous gold geochemistry in soils, with no testing of the mineralization to depth. An arsenic anomaly supports the gold anomaly near the western edge of P20/2410.

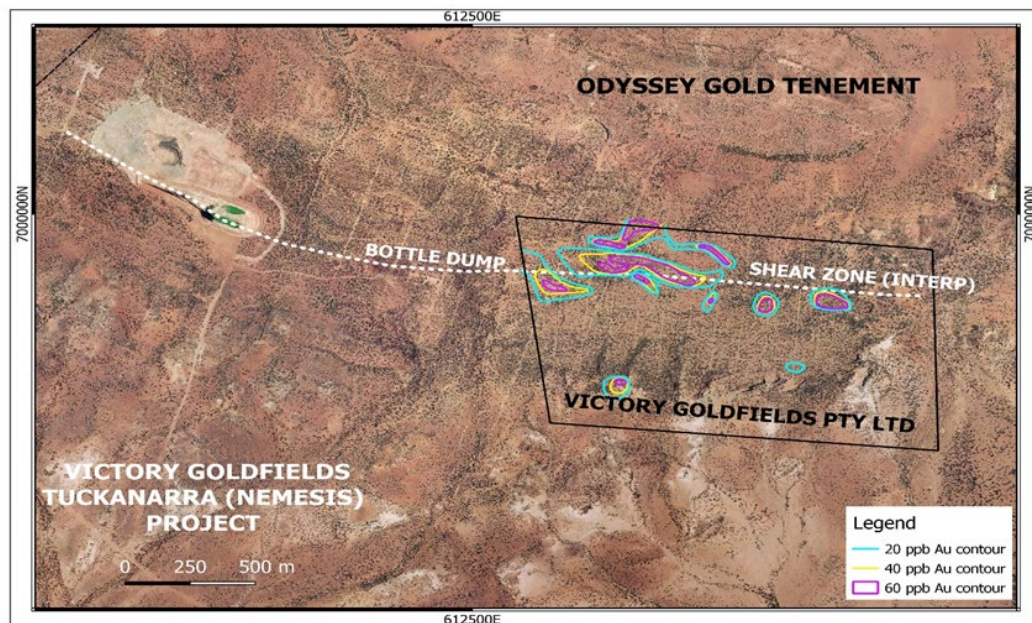
As illustrated in Figure 5, the two anomalies (defined by the 40 ppb Au contour), are interpreted to be separated by a 2m thick blanket of transported colluvium. Gold geochemistry and aeromagnetic interpretation suggests the length of the buried anomalous structure, previously identified at Emily Wells (M20/360), has been increased to 1.2 km.

Drill holes 21EWRC01 to 21EWRC03 from the RC drilling program intersected several low-grade intervals over 4m. These significant low grade highly altered porphyries are probably sourcing the anomalous gold in soil geochemical contours in Figure 6.

Depending on the assay results from the 1 metre samples that make up the 4 metre composite samples, there may be scope to infill around these holes, searching for higher grade pyrite rich porphyries. In addition, the recently identified, coincident gold arsenic anomaly, which lies along strike of the RC drilling in P20/2410, should be drill tested.

### Nemesis

The auger soil geochemical program identified anomalous gold geochemistry associated with the Bottle Dump Shear Zone, illustrated in Figure 6. Figures 6 illustrate the gold geochemical contours of this auger program, with the 60 ppb Au and the 100 ppb Au contour being very significant.



The robust anomaly was tested by 8 RC drill holes (NRC01 – NRC08) for a total of 1,480m drilled.

The Nemesis project covers a wide sequence (>1 km) of east-west trending intercalated mafic volcanics and Banded Iron Formation ("BIF"). Previous auger drilling at Nemesis by Victory has identified high order gold in soil geochemical anomalies in the northern half of the tenement. They are interpreted (from aerial magnetics) to be associated with the eastern extension of the Bottle Dump Shear Zone (BDSZ), which is the controlling structure at Bottle Dump.

The Bottle Dump deposit (initial resource of 142,000t @ 4.2 g/t Au) was mined in the late 1990s. The BDSZ strikes east west into Victory's tenement and is associated with sulphidation of the BIF sequence. The BDSZ is represented by the east-west black line in Figure 6.

Alteration assemblages intersected in the drilling at Nemesis included many of the features that are diagnostic of the Bottle Dump Gold mineralisation. For example, strong pervasive pyrite pyrrhotite alteration of magnetite rich BIF intervals, quartz sulphide veining within chlorite epidote silicified mafic rocks and less altered, magnetite poor, fine grained clastic sediments.



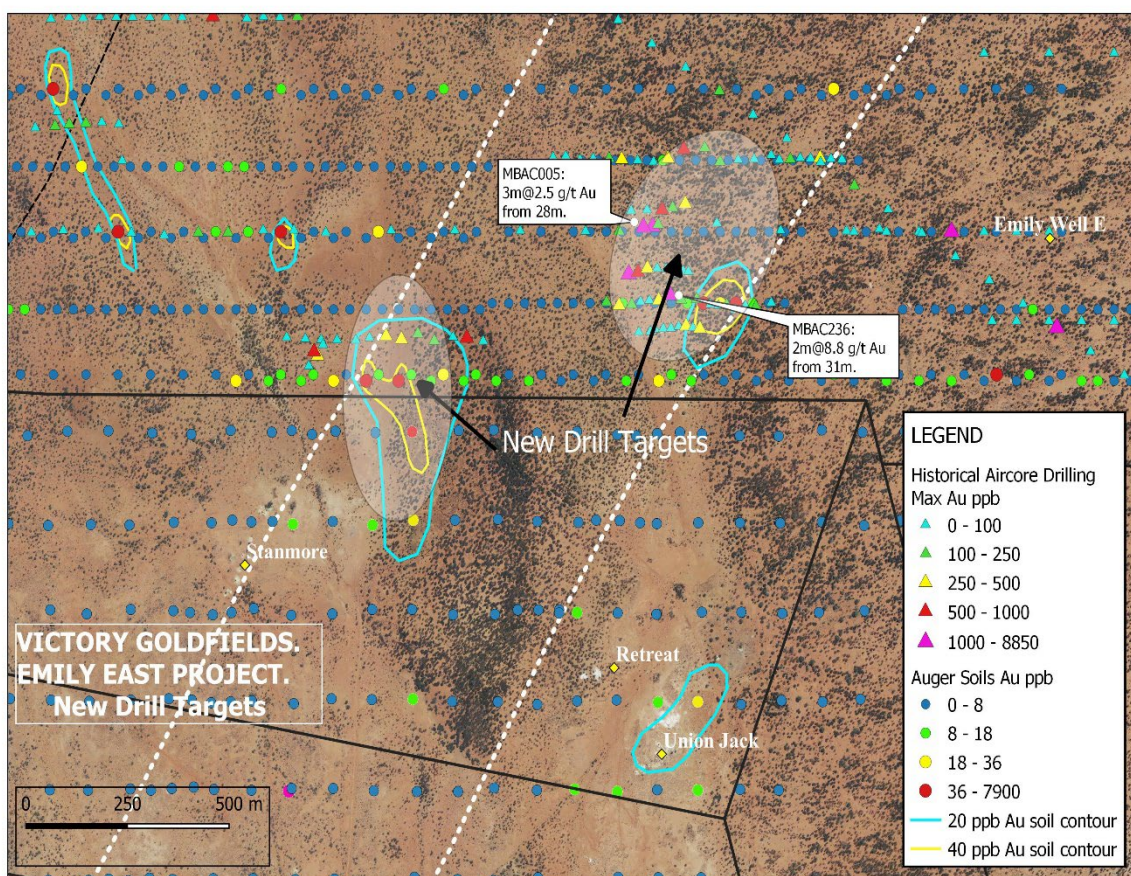
## Directors' Report (continued)

Deep diamond and RC drilling at Bottle Dump has often not intersected economic mineralisation until 100m below surface, where favourable structural intersections may be present. Sub-economic grades occur from 0-100m below surface. Potential remains therefore to drill underneath the RC drill holes at Nemesis, searching for plunging high grade shoots at structural intersections.

### Other Targets

Anomalous auger soil geochemistry north of Stanmore correlates well with anomalous historical aircore drilling, as illustrated in Figure 7. The aircore work was undertaken during the period from 2001 to 2009. Numerous historical aircore holes have a maximum gold assay exceeding 1000 ppb Au, or 1 gram per tonne gold. For example, hole MBAC236 intersected 2m @ 8.8 g/t Au from 31m. There has been no recorded follow-up drilling of these drill holes. Additionally, the drill targets are interpreted to straddle previously interpreted aeromagnetic structures, as illustrated in Figure 7.

These areas have been highlighted as representing new strong, robust drill targets.





## **Directors' Report (continued)**

This 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:

25/01/22	Outstanding High Grade Intersections at Coodardy
21/12/21	Anomalous Gold Identified at Emily Wells North
23/11/21	RC Drilling Completed for Three Projects
27/10/21	RC Drilling Commenced Over Three Projects
26/10/21	Auger Drilling Program Commences at Emily Wells North
20/10/21	Notice of Annual General Meeting
7/10/21	RC Drilling Over Three Projects to Commence Imminently
23/09/21	Anomalous Gold Identified at Tuckanarra (Nemesis)
14/09/21	Phase 1 Drilling Completed
25/08/21	Victory Progresses Diamond Drilling on Advanced Projects
19/08/21	Appointment of Joint Company Secretary
12/08/21	Commencement of Coodardy Diamond Drilling
5/08/21	Commencement of Auger Drilling
26/07/21	Investor Presentation - July 2021
22/07/21	Victory Goldfields Completes Capital Raising and Listing

These announcements are available for viewing on the Company's website [www.victorygoldfields.com.au](http://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.

### **Significant Changes in the State of Affairs**

No dividends were declared or paid during the period.

### **Events After the Reporting Date**

No other matter of circumstance has arisen since reporting date that has significantly affected the company's operations, results or state of affairs, or may do so in future years.

## Directors' Report (continued)

### Auditor's Independence Declaration

In accordance with the Audit Independence requirements of the *Corporations Act 2001*, the Directors have received and are satisfied with the "Audit Independence Declaration" provided by the Company's external auditors BDO Audit Pty Ltd. The Audit Independence Declaration is attached to this financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

For and on behalf of the Directors



Trevor Matthews  
Executive Chairman  
Perth, 15 March 2022

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**DECLARATION OF INDEPENDENCE BY L G MYLONAS TO THE DIRECTORS OF VICTORY GOLDFIELDS LIMITED**

As lead auditor for the review of Victory Goldfields Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Victory Goldfields Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'L G Mylonas', written over a horizontal line.

**L G Mylonas**  
Director

**BDO Audit Pty Ltd**

Brisbane, 15 March 2022

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**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		<b>Consolidated</b>	Company
		<b>31 Dec 2021</b>	31 Dec 2020
<b>Continuing Operations</b>			
<b>Expenses</b>			
General and administrative expenses	4	(271,650)	(18,465)
Amortisation and depreciation expenses		(29,033)	(83)
Tenement expenses		-	(144,475)
Listing expense recognised on acquisition	16	(2,629,780)	-
Share-based payment expense	10	(232,176)	-
Finance expense		(9,847)	-
Other expense	4	(123,078)	-
<b>Loss before income tax</b>		<b>(3,295,564)</b>	<b>(163,023)</b>
Income tax (expense)/benefit		-	-
<b>Loss from continuing operations after related income tax expense for the half year attributable to members of Hughes Drilling Limited</b>		<b>(3,295,564)</b>	<b>(163,023)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period attributable to members of Hughes Drilling Limited</b>		<b>(3,295,564)</b>	<b>(163,023)</b>
<b>Earnings per share for loss attributable to ordinary equity holders of the company – cents/share</b>			
- Basic loss per share	13	(7.89)	(1.29)
- Diluted loss per share		(7.89)	(1.29)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2021**

	Note	Consolidated 31 Dec 2021	Company 30 June 2021
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,358,972	4,024
Prepayments		135,078	-
Other receivables		231,658	9,412
Other assets		2,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,727,708</b>	<b>13,436</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment		23,728	-
Capitalised exploration and evaluation	6	1,080,042	-
Right of use asset	7	546,813	-
Other asset	7	80,000	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,730,583</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>4,458,291</b>	<b>13,436</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		149,907	277,583
Lease liabilities	8	186,011	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>335,918</b>	<b>277,583</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	8	293,886	-
Borrowings		-	46,864
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>293,886</b>	<b>46,864</b>
<b>TOTAL LIABILITIES</b>		<b>629,804</b>	<b>324,447</b>
<b>NET ASSETS</b>		<b>3,828,487</b>	<b>(311,011)</b>
<b>EQUITY</b>			
Contributed equity	9	7,479,137	276,251
Reserves	10	232,176	-
Accumulated losses		(3,882,826)	(587,262)
<b>TOTAL EQUITY</b>		<b>3,828,487</b>	<b>(311,011)</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Contributed equity	Other Equity	Reserves	Accumulated losses	Total
Balance 1 July 2020	276,251	-	-	(315,278)	(39,027)
Loss for the period	-	-	-	(163,023)	(163,023)
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Loss for the year</b>	-	-	-	<b>(163,023)</b>	<b>(163,023)</b>
<b>Balance at 31 Dec 2020</b>	<b>276,251</b>	-	-	<b>(478,301)</b>	<b>(202,050)</b>
Balance 1 July 2021	276,251	-	-	(587,262)	(311,011)
Loss for the period	-	-	-	(3,295,564)	(3,295,565)
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Loss for the year</b>	-	-	-	<b>(3,295,564)</b>	<b>(3,295,565)</b>
<b>Transactions with owners in their capacity as owners</b>					
Proceed from share issue (refer to note 9)	7,656,886	-	-	-	7,656,886
Share issue costs (refer to note 9)	(454,000)	-	-	-	(454,000)
Issue of options (refer to note 10)	-	-	232,176	-	232,176
<b>Balance at 31 Dec 2021</b>	<b>7,479,137</b>	-	<b>232,176</b>	<b>(3,882,826)</b>	<b>3,828,487</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated 31 Dec 2021	Company 31 Dec 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(560,062)	(58,593)
Interest received/(paid)		220	-
GST paid		(158,312)	
Tax refunded		-	18,612
<b>Net cash (used in)/generated by operating activities</b>		<b>(718,155)</b>	<b>(39,981)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(29,523)	-
Payments for exploration expenditure		(1,294,148)	-
Payments for lease deposit	7	(50,000)	-
Payments for lease option	7	(30,000)	-
Cash consideration on acquisition	16	5,000,940	
<b>Net cash (used in)/generated by investing activities</b>		<b>3,597,269</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments for share issue expenses		(331,500)	-
Payments for lease liabilities including interest		(166,667)	-
Proceeds from borrowings		-	25,000
Repayment of borrowings		(26,000)	(470)
<b>Net cash (used in)/generated by financing activities</b>		<b>(524,166)</b>	<b>24,530</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>2,354,948</b>	<b>(15,451)</b>
<b>CASH AT THE BEGINNING OF THE HALF YEAR</b>		<b>4,024</b>	<b>22,243</b>
<b>CASH AT THE END OF THE HALF YEAR</b>	5	<b>2,358,972</b>	<b>6,792</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

This condensed financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Victory Goldfields Limited (formerly Hughes Drilling Limited) during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

**a) Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Victory Goldfields Limited as at 31 December 2021 and the results of all subsidiaries for the half-year then ended. Victory Goldfields Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**b) Reverse Acquisition Accounting**

On 8 July 2021, Victory Goldfields Limited (formerly Hughes Drilling Limited), the legal parent and legal acquirer, completed the acquisition of Victory Cue Pty Ltd ("Victory Cue"). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as Victory Goldfields Limited was not considered to be a business. The transaction was therefore accounted for under Australian Accounting Standards AASB 2 Share based payments, whereby Victory Cue has issued shares in exchange for the net assets of Victory Goldfields Limited, together with their listing status. Because the consolidated financial statements of the merged group will represent a continuation of the financial statements of Victory Cue, the principles and guidance on the preparation and presentation of the consolidated financial statements will be applied as follows: -

- A share based payment transaction arises whereby Victory Cue is deemed to have issued shares in exchange for the net assets of the Company (together with the listing status of the Company). The listing status does not qualify for recognition as an intangible asset and the relevant costs will therefore be expensed in profit or loss as a listing expense.
- The equity structure (the number and type of equity instruments issued) at the date of the acquisition will reflect the equity structure of the Company, including the equity instruments issued to affect the acquisition;
- Accumulated losses and other equity balances carried forward at acquisition date will be of Victory Cue.

**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)**

The impact of the reverse acquisition on each of the primary statements is as follows:

**Statement of Profit or Loss and Other Comprehensive Income:**

- for the half year to 31 December 2021 comprises six months of Victory Cue and the period from 8 July 2021 to 31 December 2021 of Victory Goldfields Limited; and
- for the comparative period comprises 1 July 2020 to 31 December 2020 of Victory Cue.

**Statement of Financial Position:**

- as at 31 December 2021 represents both Victory Cue and Victory Goldfields Limited as at that date; and
- as at 30 June 2021 represents Victory Cue as at that date.

**Statement of Changes in Equity:**

- for the half year ended 31 December 2021 comprises Victory Cue at 1 July 2021, its loss for the half-year and transactions with equity holders for six months. It also comprises the loss incurred and transactions with equity holders from 8 July 2021 to 31 December 2021 of Victory Goldfields Limited; and
- for the comparative period comprises 1 July 2020 to 31 December 2020 of Victory Cue.

**Statement of Cash Flows:**

- for the half-year ended 31 December 2021 comprises the cash balance of Victory Cue, as at 1 July 2021, the cash transactions for the six months, including operating cashflows, investing cash flows and transactions with equity holders for six months. It also comprises cash transactions from 8 July 2021 to 31 December 2021 of Victory Goldfields Limited; and
- for the comparative period comprises 1 July 2020 to 31 December 2020 of Victory Cue's cash transactions.

**c) Property, plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

**Plant and equipment**

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**d) Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.



**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)**

**e) Right of use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**f) Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**g) Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**h) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)**

**i) Share-Based Payments**

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**j) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)**

**k) Going Concern**

For the half-year ended 31 December 2021, the Consolidated entity made a loss of \$3,295,565 and incurred operating cash outflows of \$718,155. As at 31 December 2021 the Consolidated entity has a net current asset position of \$2,391,790, and net asset position of \$3,828,487.

The ability of the Consolidated entity to continue as a going concern is dependent on securing additional funding through debt or equity issues as and when the need to raise working capital arises.

These conditions indicate a material uncertainty that may cast a significant doubt about the Consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Victory Goldfields Limited has recently raised capital of \$5,000,000 via the issues of shares through the prospectus upon re-listing on the ASX; and
- The fact that future expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Consolidated entity's working capital and other forecast commitments.

Should the Consolidated entity not be able to continue as a going concern, it may be required to discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Consolidated entity not continue as a going concern.

No adjustments have been made in relation to the recoverability of assets and classification of liabilities that might be necessary should the Consolidated entity not continue as a going business.

**l) New and amended standards adopted by the group**

In the half-year ended 31 December 2021, the Consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2021.

There is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

**m) Impact of standards issued but not yet applied**

Standards issued but not applied by the Consolidated entity will not have any significant impact on the financial statements of the Company.

**2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 10 for further information.

*Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**3. SEGMENT REPORTING**

**Reportable segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Consolidated entity currently operates predominantly in one segment. The primary financial statements reflect this segment.

**4. EXPENSES**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	31 Dec 2020
Director fees	<b>128,003</b>	-
Professional and legal fees	<b>95,496</b>	9,120

**5. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	30 June 2021
Cash at bank and on hand	<b>2,358,972</b>	4,024
<b>Balance as per statement of cash flows</b>	<b>2,358,972</b>	4,024

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**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**6. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	30 June 2021
Capitalised Exploration and Evaluation Expenditure – at cost	<b>1,080,042</b>	-
Opening balance	-	-
Tenements acquired	31,818	-
Exploration and evaluation expenditure capitalised	1,048,224	-
Total	<b>1,080,042</b>	-

**7. RIGHT OF USE ASSETS**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	30 June 2021
<b>NON-CURRENT</b>		
Plant and equipment – Right of Use	570,049	-
Less: Accumulated Amortisation	(23,236)	-
	<b>546,813</b>	-
Opening balance	-	-
Acquired	570,049	-
Amortisation	(23,236)	-
Total	<b>546,813</b>	-

The Group leases plant and equipment at the camp site of the exploration tenement under an agreement for three years with an option to extend for a further three years. The Group has paid a security deposit of \$50,000 and a non-refundable option fee of \$30,000, for the option to purchase the leased equipment.

**8. LEASE LIABILITIES**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	30 June 2021
<b>CURRENT</b>		
Lease liabilities	<b>186,011</b>	-
<b>NON-CURRENT</b>		
Lease liabilities	<b>293,886</b>	-

**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**9. CONTRIBUTED EQUITY**

	Number of shares	Value	Attributable Costs	Net
Balance 1 July 2020	12,606,250	276,251	-	276,251
On issue at 31 December 2020	<b>12,606,250</b>	<b>276,251</b>	-	<b>276,251</b>
Balance 1 July 2021	12,606,250	276,251	-	276,251
Eliminate existing legal acquiree shares	(12,606,250)	-	-	-
Share of legal acquirer at acquisition date	2,996,931	-	-	-
Consideration shares – RTO <sup>1</sup>	8,750,000	599,386	-	599,386
Shares issued for conversion of convertible loan – RTO <sup>2</sup>	9,750,000	1,950,000	-	1,950,000
Placement – RTO <sup>3</sup>	25,000,000	5,000,000	-	5,000,000
Lead manager facilitation shares – RTO <sup>4</sup>	537,500	107,500	-	107,500
Share issue costs			(454,000)	(454,000)
On issue at 31 December 2021	<b>47,034,431</b>	<b>(7,933,137)</b>	<b>(454,000)</b>	<b>7,479,137</b>

- 1 8,750,000 fully paid ordinary shares valued at acquisition date.  
2 9,750,000 fully paid ordinary shares valued at \$0.20 per share  
3 25,000,000 fully paid ordinary shares valued at \$0.20 per share  
4 537,500 fully paid ordinary shares valued at \$0.20 per share

**10. EQUITY BASED PAYMENTS**

During the period, the Consolidated entity issued options to the Consolidate entity's Managing Director and Non-executive Director in connection with their appointments upon the legal acquisition of Victory Cue Pty Ltd.

Equity based payments expensed are detailed below: -

	Consolidated 31 Dec 2021	Company 31 Dec 2020
Opening balance	-	-
Options vesting	<b>232,176</b>	-
Total	<b>232,176</b>	-

**Director Incentive Options**

During the period ended 31 December 2021, the Consolidated entity issued 4,600,000 Director Incentive Options to Messrs Matthews, Clark and Bahen in connection with their appointments as directors upon the reverse acquisition of Victory Goldfields Limited.

These options shall vest at the expiry of twelve months after the date of issue.



**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**10. EQUITY BASED PAYMENTS (CONTINUED)**

The fair value of the Director Incentive Options granted are estimated at the date of grant based on the assumptions set out below: -

	Tranche 1	Tranche 2	Tranche 3
<b>Assumptions:</b>			
Grant date	20 July 2021	20 July 2021	20 July 2021
Expiry date	20 July 2024	20 July 2024	20 July 2024
Share price at grant date	\$0.20	\$0.20	\$0.20
Exercise price	\$0.30	\$0.35	\$0.40
Vesting period	12 months	12 months	12 months
Risk free rate	0.14%	0.14%	0.14%
Expected Volatility	110%	110%	110%
Indicative value per Director Incentive Option	\$0.1180	\$0.1120	\$0.1070
Number of Director Incentive Options	1,533,334	1,533,333	1,533,333
Total Value of Director Incentive Options	\$180,933	\$171,733	\$164,067
Amount recognised as equity-based payment expenses for the period ended 31 December 2021	\$81,296	\$77,162	\$73,718

**11. COMMITMENTS**

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	31 Dec 2020
The exploration commitments are as follows: -		
No longer than 1 year	<b>408,100</b>	-
Longer than 1 but not longer than 5 years	<b>1,011,840</b>	-
Longer than 5 years	<b>1,560,200</b>	-
Total	<b>2,980,140</b>	-

Exploration commitments consist of annual rents payable and minimum expenditure requirements on mineral tenements.

**12. CONTINGENCIES**

The Directors are not aware of any material contingent assets or liabilities that would require disclosure.

**13. EARNINGS PER SHARE**

No shares have been excluded from the calculation of earnings per share that could potentially dilute the earnings per share in the future because they are anti-dilutive, except for the following: -

- 9.750 million options with exercise price of \$0.20 and expiry date of 31/12/2022;
- 5.575 million options with exercise price of \$0.20 and expiry date of 22/07/2023;
- 1.533 million options with exercise price of \$0.30 and expiry date of 22/07/2024;
- 1.533 million options with exercise price of \$0.35 and expiry date of 22/07/2024; and
- 1.534 million options with exercise price of \$0.40 and expiry date of 22/07/2024.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

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**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**13. EARNINGS PER SHARE (CONTINUED)**

Earnings per share are calculated based on the following:

	<b>Consolidated</b>	Company
	<b>31 Dec 2021</b>	31 Dec 2020
Profit/(loss) for period	<b>(3,295,565)</b>	(163,023)
	No's	No's
Weighted average shares	<b>41,769,078</b>	12,606,250
Basic/Diluted EPS (cents per share)	<b>(7.89)</b>	(1.29)

**14. RELATED PARTIES**

The Consolidated entity has not entered into any related party transactions during the reporting period, other than the repayment of outstanding unsecured interest free loans provided by Brendan Clark and Trevor Matthews totaling \$26,000.

**15. EVENTS OCCURRING AFTER THE REPORTING DATE**

No other matter of circumstance has arisen since reporting date that has significantly affected the Consolidated entity's operations, results or state of affairs.

**16. REVERSE ACQUISITION**

On 8 July 2021, Victory Goldfields Limited (formerly Hughes Drilling Limited), the legal parent and legal acquirer, completed the acquisition of Victory Cue Pty Ltd ("Victory Cue"). In assessing the accounting acquirer under the principles of AASB 3 Business Combinations it was determined that Victory Cue is considered the accounting acquirer. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as Victory Goldfields Limited was not considered to be a business. The transaction was therefore accounted for under Australian Accounting Standards AASB 2 Share based payments, whereby Victory Cue is treated as if it has issued shares in exchange for the net assets of Victory Goldfields Limited, together with their listing status.

On completion of the acquisition 8,750,000 shares were issued to Victory Cue shareholders as well as 5,575,000 options and 4,703,466 performance shares. At the same time, existing converting loan holders in Victory Goldfields Limited converted their outstanding loans into 9,750,000 shares, as well as 9,750,000 options. The 5,575,000 acquisition options and 9,750,000 converting loan options have an exercise price of \$0.20. The performance shares and the acquisition options are considered to be part of the consideration of the acquisition and are therefore represent part of the value of the deemed consideration and as such are not valued separately.

The deemed consideration was determined with reference to the fair value of Victory Gold Limited's equity interests at acquisition date using the relisting price of \$0.20 as this was considered to be the most reliable estimate of fair value.

As a result, the following principles and guidance on the preparation of the consolidated financial statements has been applied:

- Fair value adjustments arising at acquisition were made to Victory Goldfields Limited's assets and liabilities, and not those of Victory Cue;
- The cost of acquisition is based on the market value of Victory Goldfields Limited shares on completion date, plus the value of performance shares and options issued to the vendors of Victory Cue but after subtracting the net assets of Victory Goldfields Limited on the completion date. The cost of acquisition, including the listing status of Victory Goldfields Limited does not qualify for recognition as an intangible asset and therefore has been expensed in the profit or loss for the period;
- The amounts recognised as issued equity instruments in the consolidated financial statements have been determined by adding the cost of acquisition to the issued equity of Victory Cue immediately before the acquisition;
- Retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are retained earnings and other equity balances of Victory Cue immediately before the acquisition; and
- The results for the period ended 31 December 2021 comprise the results of Victory Cue for the six months and results of Victory Goldfields Limited subsequent to the acquisition.

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**VICTORY GOLDFIELDS LIMITED (FORMERLY HUGHES DRILLING LIMITED)**  
**Interim Report for the Six Months Ended 31 December 2021**

**16. REVERSE ACQUISITION (CONTINUED)**

The pre-acquisition equity balances of Victory Goldfields Limited are eliminated against this increase in Share Capital of \$2,549,386 on consolidation and the balance is deemed to be the amount paid for the listing status of Victory Goldfields Limited, being \$2,629,780 (recognised in the statement of profit or loss and other comprehensive income). This is tabled below:

	\$
<b>Consideration</b>	
8,750,000 fully paid ordinary shares	599,386
Fair value of 4,703,466 performance shares issued as part of acquisition	-
Fair value of 5,575,000 options issued as part of acquisition	-
Fair value of 9,750,000 converting loan shares issued upon conversion of converting loans	1,950,000
Fair value of 9,750,000 converting loan options issued	-
Total value of deemed consideration	<u>2,549,386</u>
<b>Fair value of Victory Goldfields Limited at acquisition date: -</b>	
Cash and cash equivalent	5,000,940
Prepayments	17,214
Other current receivables	63,933
Other current assets	2,000
Loan receivables	20,864
Trade and other payables	(104,084)
Accruals	(81,261)
Other liabilities	(5,000,000)
Fair value of net liabilities	<u>(80,394)</u>
Excess of deemed consideration on Victory Cue acquisition	<u><u>2,629,780</u></u>

The equity structure in the condensed consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Victory Goldfields Limited, including the equity instruments issued by Victory Goldfields Limited to effect the acquisition.

The results for the half-year ended 31 December 2021 comprise the results of Victory Cue and the results of Victory Goldfields Limited subsequent to the acquisition.

The total acquisition costs related to the above that has been expensed to the statement of profit or loss and other comprehensive income totalled \$72,260.

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## **Directors' Declaration**

The directors of Victory Goldfields Limited (formerly Hughes Drilling Limited) declare that:

- (a) in the directors' opinion the financial statements and notes set out on pages eleven (11) to twenty-six (26), are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance, for the financial half-year ended on that date, and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*, and
- (b) subject to note 1(b), there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



**Trevor Matthews**  
**Non-Executive Director**  
Perth, 15 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Victory Goldfields Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Victory Goldfields Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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### **Responsibility of the directors for the financial report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

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.

**BDO Audit Pty Ltd**

BDO  


**L G Mylonas**  
Director

Brisbane, 15 March 2022