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Quarterly Activities Report – 31 December 2022

Highlights:

- Approximately 16,000m of AC drilling completed at the North Stanmore Rare Earth Element (**REE**) Project
- Assays to date confirm continuation of REE mineralisation and high ratios of valuable **Heavy Rare Earth Elements average** of **38%** and **critical magnet metals NdPr + DyTb are 21% of total REE's**
- Highest grade at North Stanmore **9746ppm** Total Rare Earth Oxide (TREO)
- Average grade from assays is **1001ppm TREO** from 1m samples received by the Company (cut-off greater than 500ppm TREO), further assays pending
- Notable intersections from North Stanmore assays results:
    - **32m at 1047ppm** TREO from 36m (NSTAC004) including,
    - **12m at 2038ppm** TREO, and
    - **8m at 2467ppm** TREO from 48m
    - **16m at 2155ppm** TREO from 21m (NSTAC032) including,
    - **6m at 4683ppm** TREO, and
    - **2m at 9681ppm** TREO
    - **12m at 1316ppm** TREO from 24m (MAFAC019)
    - **10m at 1012ppm** TREO from 29m (NSTAC028)
    - **9m at 1151ppm** TREO from 21m (NSTAC098)
    - **7m at 1381ppm** TREO from 49m (NSE012)
    - **5m at 2050ppm** TREO from 51m (NSTAC131)
    - **2m at 3976ppm** TREO from 52m(NSE013) including **1m at 5239ppm**
- Mineralisation remains open in all directions
- Extensive continuation of high grade and valuable Scandium (Sc2O3) up to 123ppm (NSTAC028) and 6m at 71ppm from 17m (NSTAC024)
- Assays continue to confirm very low content of radioactive elements of Thorium (Th) 6ppm and Uranium (U) 2ppm
- Diamond drilling completed into the Alkaline Intrusion with results pending
- JORC Mineral Resource RC drilling program underway
- Commencement of metallurgical studies at North Stanmore
- Company is well funded with **$2.24M cash and no debt** at 31 December 2022

Victory Metals (ASX:VTM) ("Victory" or "the Company") is pleased to report on its activities and the Appendix 5B for the quarter ending 31 December 2022.

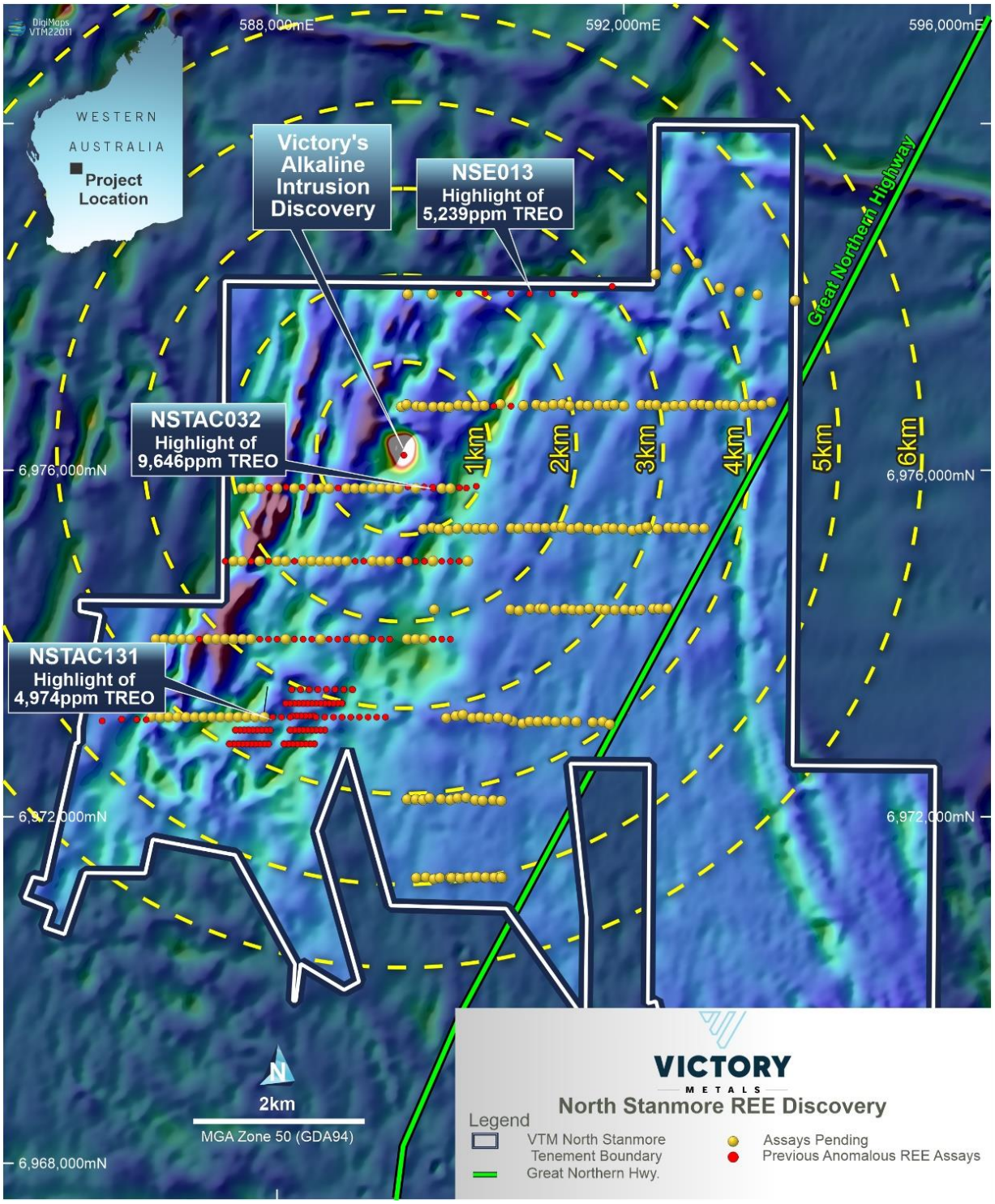

Figure 1 - Victory Metals map showing the previously reported REE assays, the location of the pending assays and the alkaline mafic to ultramafic Intrusion.

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EXPLORATION

North Stanmore Rare Earth Element Project

The North Stanmore project is situated approximately 10km North from the town of Cue, Western Australia and is bordered to the East by the Great Northern Highway.

To date, the Company has completed approximately 16,000m of air core drilling at the North Stanmore project (Figure 1). Average grade from assay results returned to date is **1001ppm TREO** from 1m samples received by the Company (cut-off greater than 500ppm TREO). Notable REE grades within the area of up to **9746ppm** with **high ratios of critical valuable magnet metals NdPr + DyTb totalling 21%** and **HREO/TREO ratio averaging 38%**.

The discovery is rapidly developing to the north and south of the alkaline intrusion with the Anomalous Y >100ppm (a vector for HREEs) and La and Nd (vectors for LREEs) recorded by p-XRF analysis now cover an area greater than 45km^2 across the North Stanmore project. All remaining assays are expected to be reported by the end of Q1 2023.

Scandium (Sc2O3) grades of up to 123ppm were also reported in these assays.

Orlando Drilling (a subsidiary of Dynamic Group Holdings Limited, ASX:DDB) has commenced an RC infill drilling program of approximately 5,000m, designed for the preparation of a JORC Mineral Resource estimate for the North Stanmore REE project.

During the quarter, samples were dispatched to Core Resources ("Core") in Brisbane for the commencement of metallurgical studies to establish REE yields by leaching. Core has vast experience with REE and critical metal recoveries and are world class for metallurgical test work, process engineering and technology solutions.

Diamond Drilling at Alkaline Intrusion

During the quarter, Victory announced positive results for combined magnetic and gravity survey data and undertook a follow up diamond drilling program at the Company's alkaline intrusion prospect.

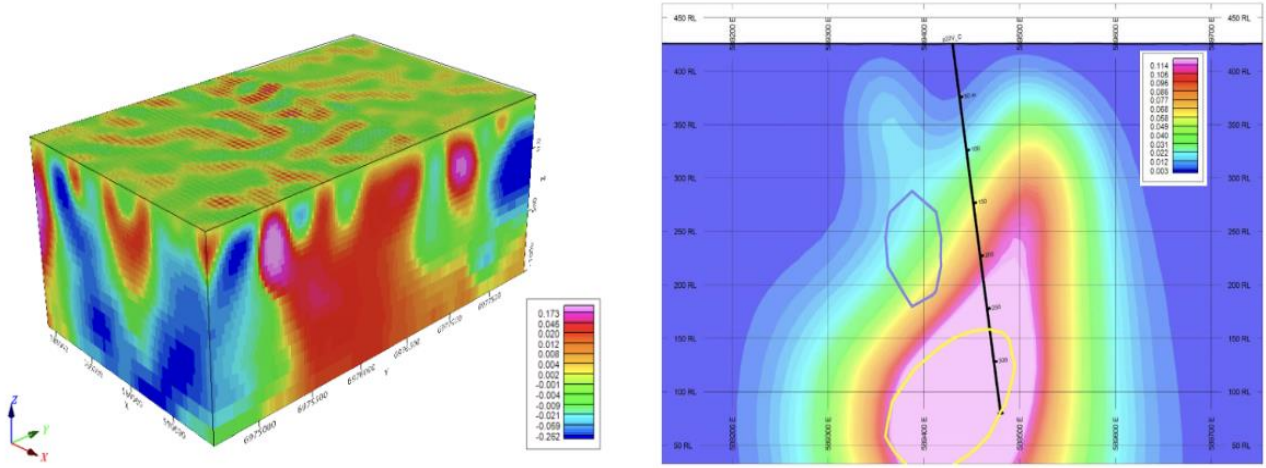

Figure 2 - Image 1 showing 3D Inversion at North Stanmore & Image 2 showing one of three proposed drill hole locations proposed to intercept a deeper section of the susceptibility inversion.

Victory's technical team believe that the Company's ionic clay rare earth discovery is likely to be related to the alkaline intrusion as geochemical data from the initial diamond hole has confirmed similar ratios of HREE/TREE as that found in recent drilling of the North Stanmore project. In addition, both systems have similar elevated Nb/Ta ratios typical of mantle plume magmas.

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To assess the extent of country rock alteration adjacent to the intrusion, angled drill holes are planned to recover samples of the fenite that are altered rocks occurring adjacent to alkaline intrusions which commonly also host REE and critical metal mineralisation.

Ground gravity and low flying aerial magnetic data was supplied to Southern Geoscience Consultants (SGS) for processing, image generation and 3D inversion.

Further interpretation and review of the low flying aerial magnetic and gravity survey data over Victory's substantial tenement package in the Cue region of Western Australia is ongoing to identify further exploration prospects.

CORPORATE

Change of Company Name

During the Quarter, the Company formally changed its name from 'Victory Goldfields' to 'Victory Metals' following Shareholder approval. The name change was completed by the Australian Securities and Investment Commission and took effect on the ASX from commencement of trading on Thursday, 24 November 2022, at which time the ASX code migrated to VTM.

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 $964k mainly related to exploration activities undertaken at North Stanmore REE Project net of GST refunds received on current and previous exploration expenditure. $263k expenditure on administration net of GST refunds received on current and previous administration expenditure and corporate costs of which $54K were payments made to related parties. These payments relate to the consulting agreements for Executive and Non-Executive Directors. SmallCap Corporate Pty Ltd ("SmallCap") was paid $34K 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 received $528K from the conversion of unlisted options (Ex $0.20, exp 31 Dec 2023).

As of 31 December 2022, the Company had available cash of approximately $2.24M.

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	$1,544,413
Professional fees and geological management	$432,000	$351,942
Geophysics	$160,000	$87,296
Rates, tenement rents, administration and travel expenses	$288,000	$481,960
Working capital	$1,277,000	$1,438,391
Public Offer expenses	$63,000	$37,784
Capital raising fee	$300,000	$331,500
Total	$5,120,000	$5,058,505

It's noted that the Company has raised $2.0M (before costs) in additional funds via a Placement and has received approximately $528K invested via the conversion of options after the Company's IPO prospectus. These funds have been used, amongst other things, to expedite exploration at the

"Emerging WA Multicommodity Explorer"
ACN: 124 279 750 E: info@victorymetalsaustralia.com D: +61 (08) 6555 2950 A: Suite 1, 295 Rokeby Road, Subiaco, WA, 6008
VICTORY METALS

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 al 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 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.

DECEMBER 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:

16/01/2023	High Grade Rare Earth Extension confirmed by Assays
20/12/2022	Latest Assays Strengthen Victory's REE Discovery
23/11/2022	Change of Company Name
22/11/2022	Positive P-XRF Observations in Current Drilling
17/11/2022	Follow up Drilling to Commence at the Alkaline Intrusion
15/11/2022	Assays Confirm High Grade Ionic Clay REE Extension

These announcements are available for viewing on the Company's website www.victorymetalsaustralia.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 Metals Limited.

For further information please contact:

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Lexi O'Halloran
Investor and Media Relations
lexi@janemorganmanagement.com.au

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.

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Figure 3 - Regional Map showing Victory Metals tenement package.

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.

Mr. Michael Busbridge

The historical exploration activities and results contained in this report is based on information compiled by Michael Busbridge, a Member of the Australian Institute of Geoscientists and a Member of the Society of Economic Geologists. Michael is a consultant to Victory Metals Limited. Michael has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Michael Busbridge has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements in relation to the exploration results. The Company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement.

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%
E20/1034	Application	Cue	-	-	-
E20/1035	Application	Cue	-	-	-
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 Emilly 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%

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Tenement ID	Status	Location	Interest at the beginning of the quarter	Interest acquired or disposed	Interest at the end of the quarter
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%
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	Transfer	Cue	-	-	-
P20/2403	Transfer	Cue	-	-	-
E51/1939	Transfer	Cue North	-	-	-
E51/2102	Application	Cue North	-	-	-
E51/2104	Application	Cue North	-	-	-

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Appendix 5B

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

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Name of entity

Victory Metals Limited

ACN	Quarter ended ("current quarter")
124 279 750	31 December 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 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	(263)	(418)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
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**	**(259)**	**(414)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(130)	(130)
	(d) exploration & evaluation	(964)	(1,498)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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**	**(1,094)**	**(1,628)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	528	528
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(9)	(140)
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**	**519**	**2,388**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,074	1,894
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(259)	(414)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,094)	(1,628)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	519	2,388
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,240**	**2,240**

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	2,240	3,074
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)**	**2,240**	**3,074**

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*	88
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.*

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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)	(259)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(964)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,223)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,240
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,240
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.8

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.

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: No, The Company undertook an extensive 16,000m AC drill, 3,000m diamond drill and assay program during the quarter. The upcoming infill drilling program is to be more targeted and based on the results recently released by the Company.

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: As an active exploration company, the Company is in regular discussions with financiers who can potentially assist with funding the Company's further exploration programs. The Company also has approximately 4.98m options exercisable at $0.20 which expire on 20 July 2023 (currently in the money). If these are exercised, the Company will receive approximately $1M by 20 July 2023

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: Yes, based on the answers provided in 8.81 and 8.8.2	

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: .....25 January 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.

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