

VICTORY WEST
MOLY LIMITED

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

For Victory West Moly Limited And Controlled Entities
ABN 66 009 144 503

*This Half-Year Report should be read in conjunction with the Company's
Annual Report for the year ended 30 June 2010*

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503

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VICTORY WEST MOLY LTD A.B.N. 66 009 144 503 DIRECTORS REPORT

The directors of Victory West Moly Limited (the Company) submit the financial statements of the consolidated entity of which the Company is the ultimate parent for the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Company's Directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Steven Pynt Chairman
B.Juris, LLB, MBA.

Mr Michael Scivolo Director
B.Com FCPA

Mr Wayne Knight Director

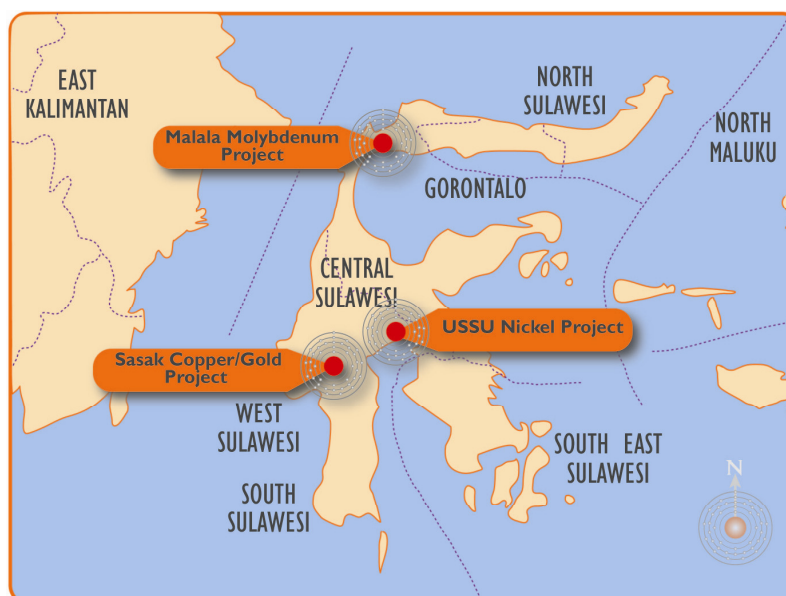
Operating Results

During the period Victory West Moly Limited made a loss of \$1,996,729 (\$671,039 in 2009).

Review of Operations

The Consolidated entity's activities are contained in releases to the ASX on a quarterly basis and can be obtained from our website www.victorywestmoly.com.au.

Throughout the half, the Company has continued to execute its vision of finding, proving and extracting value from world class metals projects in South East Asia and while significant focus remains on its cornerstone asset the Malala Molybdenum Project in Sulawesi, Indonesia, the Company has begun expanding its asset portfolio through securing the right to acquire a 70% interest in the USSU Nickel Project and more recently post the half year end secured the rights to earn up-to a 75% equity interest in the highly prospective Sasak Copper-Gold project.



Malala Molybdenum Project, Sulawesi, Indonesia

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503 DIRECTORS REPORT

In late October 2010, the Company and China Guangshou Group Corp (“CGGC”) executed an MOA in Xiamen, China, formalizing the terms and conditions for CGGC to acquire a 65% interest in the Malala Molybdenum Project. This was followed by a signing ceremony in Perth, Western Australia, and was attended by a delegation of high-ranking Toli Toli (local regent) and Central Sulawesi Indonesian Government Officials including H. Bandjela Paliudju, Governor of Central Sulawesi Province, H. Moh. Saleh Bantilan, Bupati Toli Toli Regency and Central Sulawesi heads of Mining, Forestry and Environment. Also in attendance was Mr. Michael Law as representative of CGGC (see announcement dated 27 October 2010).

Under the terms of the agreement;

- CGGC will acquire a 65% interest in the Project in consideration for sole funding 100% of all expenditure to large scale production
- VWM will retain a “free carried” interest of 27.5% in the Project through its related parties. CGGC will also pay a US\$1 million commitment fee to be paid in 2 tranches of \$500,000.

Key Milestones

Under the terms of the MOA, a number of key exploration, development and production milestones are required to be met by CGGC;

Stage	Deliverable
Stage 1: Exploration	<ul style="list-style-type: none">• A minimum of 10,000 metres drilling to be reviewed by a geological consulting group of international standard• Definition of a suitable 43-101/JORC resource that is capable of commercial production
Stage 2: Construction/Development	<ul style="list-style-type: none">• Development and construction of the Project for commercial production including mine development, processing plant and associated infrastructure
Stage 3: Production	<ul style="list-style-type: none">• Delivery of early production opportunities from high grade mineralization identified during exploration within 24 months• Subject to a total resource of no less than 150 million tons at 840ppm Mo CGGC will commence large scale production (open pit) by 2016

Post half year, on 24 February, CGGC advanced \$500,000 representing the first tranche of the \$1million Commitment Fee as part of their obligations to invest in the Malala Molybdenum Project in North Sulawesi, Indonesia. Victory West is now finalising the required executed administrative letters upon which, CGGC will make the second and final \$500,000 payment.

USSU Nickel Project

In late August 2010, VWM announced that it had entered into a binding agreement with Oceantide Investments Pty Ltd (“Oceantide”) to acquire (subject to due diligence) Oceantide’s rights to acquire a 70% equity interest in PT Primara Utama Lestari (“PT PUL”) which holds the rights to the USSU Nickel Project in

This represents a significant increase to the previous exploration target from 35-45Mt at 1.2% to 1.6%. As at 11 January 2011, a total of 27 holes (600m) had been completed. Encouragingly, the high grade saprolite horizon has proven to be thicker than identified in historic drilling. This has resulted in the average depth of the drilled holes increasing from an expected average of 15m to 22m.

Samples collected from the drilling to date have been returned and are currently being compiled into a model for comparative analysis against the historic data. Upon sufficient sample results being received to achieve context, a further detailed announcement will be provided to the market.

Targeting an Inferred JORC Resource

It is expected that the current drilling program will result in a maiden inferred JORC resource by end Q1-2011. It is the Company’s intention to continue and expand the drilling program to increase both target mineralization tonnages and confidence levels of the deposit.

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DIRECTORS REPORT

Downstream Processing

To date, the Company has focused on the significant DSO potential of the Project. The Company has also retained the services of a Consulting Metallurgist to evaluate both Hydrometallurgical and Pyrometallurgical processing options likely to entail Heap Leaching and production of a Concentrate for processing by others, Direct Reduction and the production of a crude ferro-nickel product suitable for blast furnace feed.

Bottle roll and Reduction testing will also be undertaken on selected samples as an early indicator of leachability and or Direct Reduction potential of the ore types contained in the USSU deposit.

Shareholder Meeting

The Company has called a shareholder meeting to be held 14 April 2011 to approve the acquisition of the USSU Nickel Project.

New Acquisition – Copper/Gold Project

Subsequent to the half year end on 27 January 2011 the Company announced that it had, subject to due diligence, secured the rights to acquire via a way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi known as the Sasak Project.

The Project is located in a known porphyry province and the geological setting is favorable for the exploration of both porphyry copper/gold style mineralization and more discreet zones of higher grade gold mineralisation.

Previous exploration at the project area include numerous Dutch exploration adits, which were excavated early in the 1900s exploiting copper, gold and lead from high grade quartz veins.

The project has three key areas considered to be highly prospective:

- Known gold mineralization (from Dutch exploration adits)
- Porphyry/ Diatreme Breccia (prospective for copper/gold)
- Numerous additional previously unexplored targets

Significant previous exploration results including:

- 34.20m (141.80-176.00m) @ 3.05g/t Au, including: 4.00m (143.8-147.80m) @ 14.7g/t Au and 4.00m (164.00-168.00) @ 9.14 g/t Au.
- Copper intersections of 4.00m @ 0.48% Cu and 22.00 @ 0.18% commencing at 120.00m depth.
- Dutch workings in the area indicate high gold or copper grades in hydrothermal veins

Victory West is currently undertaking further preliminary due diligence with the intention that Victory West and the vendors execution of a formal Memorandum of Agreement (MOA) as soon as practically possible. An exclusivity fee of US\$100,000 providing a 90 day exclusivity is payable within 5 days of execution of the MOA.

Corporate

During the half the Company raised:

- A\$1.25 million on 6 September 2010 through the issuance of 10,416,666 Ordinary Shares at \$0.12 per share to sophisticated and professional investors (708 compliant)
- A\$2.5 million on 5 November 2010 through the issuance of 20,833,333 Ordinary Shares at \$0.12 per share to sophisticated and professional investors (708 compliant) of Convergence Capital
- A\$1.578 million through the issue of convertible notes (\$0.12 conversion) and as at 31 December 2010 A\$250,000 had been converted. At the date of this report \$680,000 remains outstanding.

The Company incorporated a new subsidiary – Victory West Moly (Singapore) Pty Ltd on the 6 August 2010. The new company is wholly owned by Victory West Pty Ltd and will be used as a holding company for several of the soon to be converted Molybdenum PMA companies.

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DIRECTORS REPORT

The conversion of PT Inti Cemerlang, PT Promistis, PT Era Moreco, PT Semilan Sumber Mas and PT Indo Surya into Indonesian foreign investment companies ("PMA Companies") is now underway

JORC Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserves(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource. In accordance with Clause 18 of the JORC Code, it is important to note that no JORC Mineral Resources or Ore Reserves have been established on these tenements and any current assessment remains subject to ongoing exploration work and drilling. The current interpretation remains preliminary and is based on exploration, evaluation and resource definition work performed by previous owners Rio Tinto and Santos. Victory West Moly have undertaken exploration work including surface mapping, trenching and geochemical surveying (soil, rock and stream sediment geochemistry), geological logging and assaying of diamond drilling and geological modeling within the areas previously defined by Rio Tinto and Santos which is demonstrating results consistent with previous outcomes presented by Rio Tinto and Santos.

Competent Persons Statement

The data in this announcement that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Gunter is a fulltime employee of GMT Indonesia and he consents to the result as they appear.

Subsequent event note

Since 31 December 2010, the Company has received the first tranche Commitment Fee from the China Guangshou Group Corporation (CGGC) of \$500,000 for the Malala Molybdenum Project.

Subsequent to the half year end on 27 January 2011 the Company announced that it had, subject to due diligence, secured the rights to acquire via a way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi known as the Sasak Project.

On 11 March 2011 the Company released its Notice of Meeting for shareholders to approve the acquisition of the USSU Nickel Project and to approve the issue of shares to raise \$7.0 million.

Apart from the above mentioned, there have been no events that occurred subsequent to reporting date.

Dividends Paid or Recommended

No dividends were paid or proposed during the half-year ended 31 December 2010.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2010.

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



Steven Pynt
Chairman

Dated this 16th day of March 2011

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
DIRECTORS DECLARATION

DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December, 2010 and the performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Steven Pynt
Chairman

Dated this 16th day of March 2011

Grant Thornton Audit Pty Ltd
ABN 94 269 609 023

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin.wa@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To The Directors of Victory West Moly Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Victory West Moly Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Director - Audit & Assurance

Perth, 16 March 2011

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010	31 December 2009
Revenue	3	54,200	47,337
Management and consulting expenses		(852,845)	(289,514)
Listing expenses		(78,907)	(66,520)
Accountancy Fees		(119,908)	(66,151)
Finance Costs		(135,240)	(173,644)
Insurance		(5,752)	(5,460)
Legal Fees		(42,668)	(49,639)
Professional Fees		(17,600)	(14,075)
Travel costs and accommodation		(194,032)	(28,619)
Employee benefits/ staff costs		(497,625)	(1,145)
Other expenses from ordinary activities		(106,352)	(23,609)
Loss before income tax		(1,996,729)	(671,039)
Income tax expense		-	-
Loss after tax		(1,996,729)	(671,039)
Other comprehensive income			
Exchange difference on translation of foreign operations		(1,094,342)	(428,389)
Net change in the fair value of available for sale financial assets		(6,627)	4,762
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of tax		(1,100,969)	(423,627)
Total comprehensive loss for the period		(3,097,698)	(1,094,666)
Loss attributable to:			
Members of the parent entity		(1,996,020)	(665,977)
Non-controlling interest		(709)	(5,062)
		(1,996,729)	(671,039)
Total Comprehensive income for the period attributable to:			
Members of the parent entity		(3,096,989)	(1,089,604)
Non-controlling interest		(709)	(5,062)
		(3,097,698)	(1,094,666)
Earnings per Share			
Basic earnings per share (cents)		(1.82)	(0.75)
Diluted earnings per share (cents)		(1.82)	(0.75)

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

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010	30 June 2010
Current Assets			
Cash and cash equivalents		2,575,390	411,526
Trade and other receivables	5	764,099	800,648
Prepayments		87,757	107,314
Total Current Assets		3,427,246	1,319,488
Non-Current Assets			
Receivables		57,450	58,270
Property, plant and equipment		9,260	8,131
Exploration and evaluation expenditure		15,439,019	15,692,457
Other non-current asset	6	1,484,821	-
Other Financial Assets		19,580	17,716
Total Non-Current Assets		17,010,130	15,776,574
Total Assets		20,437,376	17,096,062
Current Liabilities			
Trade and Other Payables	7	1,846,389	755,218
Provisions		6,672	9,508
Borrowings	8	3,328,000	-
Total Current Liabilities		5,181,061	764,726
Non-Current Liabilities			
Borrowings	8	-	2,000,000
Total Non-Current Liabilities		-	2,000,000
Total Liabilities		5,181,061	2,764,726
Net Assets		15,256,315	14,331,336
Equity			
Issued Capital	9	20,135,223	13,260,223
Reserves	10	704,577	4,657,160
Accumulated Losses		(5,551,289)	(3,554,560)
Parent interest		15,288,511	14,362,823
Non-controlling interest		(32,196)	(31,487)
Total Equity		15,256,315	14,331,336

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

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated							
	Issued capital	Accumulated Losses	Option Reserve	Foreign currency translation	Financial Asset Reserve	Acquisition Reserve	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1.7.2009	11,752,989	(1,546,941)	4,952,561	(203,184)	-	-	104,756	15,060,181
Loss attributable to members of parent entity	-	(665,977)	-	-	-	-	-	(665,977)
Other comprehensive losses	-	-	-	(428,389)	4,762	-	-	(423,627)
Sub-total	11,752,989	(2,212,918)	4,952,561	(631,573)	4,762	-	104,756	13,970,577
Options issued during the period	-	-	11,920	-	-	-	-	11,920
Equity issue transaction costs	(30,000)	-	-	-	-	-	-	(30,000)
Recognition of outside equity interest	-	-	-	-	-	-	(103,633)	(103,633)
Balance at 31.12.2009	11,722,989	(2,212,918)	4,964,481	(631,573)	4,762	-	1,123	13,848,864
Balance at 1.7.2010	13,260,223	(3,554,560)	4,964,481	(315,813)	8,492	-	(31,487)	14,331,336
Loss attributable to members of parent entity	-	(1,996,729)	-	-	-	-	-	(1,996,729)
Other comprehensive losses	-	-	-	(1,094,342)	(5,866)	-	-	(1,100,208)
Sub-total	13,260,223	(5,551,289)	4,964,481	(1,410,155)	2,626	-	(31,487)	11,234,399
Options issued during the period	-	-	497,625	-	-	-	-	497,625
Consideration paid in excess of carrying value of non-controlling interest (note 13)	-	-	-	-	-	(3,350,000)	-	(3,350,000)
Contributions to equity net of transaction costs	6,875,000	-	-	-	-	-	-	6,875,000
Recognition of outside equity interest	-	-	-	-	-	-	(709)	(709)
Balance at 31.12.2010	20,135,223	(5,551,289)	5,462,106	(1,410,155)	2,626	(3,350,000)	(32,196)	15,256,315

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

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	31 December 2010	31 December 2009
Cash Flow from Operating Activities		
Receipts from customers	-	-
Payments to suppliers and employees	(792,411)	(668,964)
Interest received	2,033	6,762
Net cash flows (used in) operating activities	<u>(790,378)</u>	<u>(662,202)</u>
Cash Flow from Investing Activities		
Payments for property, plant and equipment	(4,415)	(6,164)
Loans to related entities	-	-
Payment for exploration and evaluation expenditure	(748,906)	(1,344,265)
Loans to shareholders	(14,750)	-
Loans to other entities	(1,484,821)	(1,367,217)
Repayment of loans to other entities	-	500,000
Other	(1,108)	-
Net cash flows (used in) investing activities	<u>(2,254,000)</u>	<u>(2,217,646)</u>
Cash Flow from Financing Activities		
Proceeds from issue of shares and options	4,025,000	11,920
Proceeds from issue of convertible note	1,328,000	2,000,000
Interest paid	(122,490)	-
Debt and equity transaction costs	-	(130,000)
Net cash flows provided by financing activities	<u>5,230,510</u>	<u>1,881,920</u>
Net increase in cash and cash equivalents	2,186,132	(997,928)
Cash and cash equivalents at the beginning of the period	411,526	1,807,232
Net foreign exchange differences	(22,268)	(11,848)
Cash and cash equivalents at the end of the period	<u>2,575,390</u>	<u>797,456</u>

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

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. Notes to the consolidated interim financial report.

(a) Reporting Entity

Victory West Moly Limited (the Company) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2010 comprises the Company and its controlled entities (together referred to as the consolidated entity).

(b) Statement of Compliance

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

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

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Victory West Moly Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

(c) Reporting Basis and Conventions

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

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

(d) New Accounting Standards and Interpretations

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

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

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurements of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will have no impacts on the Group's financial statements. The Group has yet to decide when to adopt AASB 9.

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

AASB 2009-5 Introduces amendments to Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statements of cash flows and the classification of leases of land and buildings.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters.

The key clarifications include:

- The measurement of non-controlling interests in a business combination;
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 Business Combinations (2008); and
- Transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

(e) Going Concern

The financial statements for the half-year have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to productive mining operations, the Directors consider this to be appropriate.

During the half-year the Company incurred a loss of \$1,996,729. Net cash flows from operations during the period were (\$790,378). At balance date current liabilities exceeded current assets by \$1,753,815.

The Directors consider the basis of going concern to be appropriate for the following reasons:

- the recent announcement to raise \$7.0 million at a price of no less than 80% of the exchange traded 5 day weighted average price of shares; to be approved at the General Meeting of shareholders to be held 14 April 2011.
- the demonstrated ability to obtain funding through equity issues.

Whilst continued growth is dependent on the Company successfully obtaining new funding in what are challenging capital markets the Directors are confident that the consolidated entity will be able to continue its operations into the foreseeable future.

The Directors will continue to monitor the capital requirements on a go forward basis. This may include additional capital raisings in future periods or debt funding.

The ability of the company to continue as a going concern is also dependent upon the successful exploitation of its mineral tenements and progression of its exploration activities into a successful production stage.

The Directors recognise that the above factors represent a material uncertainty as to the Company's ability to continue as a going concern. Whilst continued growth is dependent on the Company successfully obtaining new funding in what are challenging capital markets, the Directors are confident that the Company will be able to continue its operations into the foreseeable future.

VICTORY WEST MOLY LTD A.B.N. 66 009 144 503
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

2. Segment Information

The following table presents revenue and profit information and certain asset and liability information regarding the relevant segments for the period ended 31 December 2010 for the consolidated entity.

The chief operating decision-maker has been identified as the Board of Victory West Moly Limited.

The reportable segments have been identified around geographical areas and regulatory environments. Operating segments have been aggregated where segments are considered to have similar economic characteristics. Specifically PT Sulawesi Molybdenum Management is the Indonesian reporting segment.

The Australian reporting segment derives its revenues from its investments in the entities making up the Indonesian reporting segment and from interest on its cash deposit. It is intended that the Indonesian reporting segment will derive revenue from the commercial exploitation of the exploration assets it currently holds.

Transactions between reportable segments are accounted for in the same manner as transactions with external parties.

Six months ended 31 December 2010

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

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2. Segment Information (continued)

Six months ended 31 December 2009

	Australia	Indonesia	Total
	\$	\$	\$
Revenue			
Interest revenue	47,337	-	47,337
Total segment revenue	47,337	-	47,337
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	-	-	-
Total group revenue	47,337	-	47,337
Segment net loss before tax	(653,432)	(17,607)	(671,039)
<i>Reconciliation of segment result to group net loss before tax</i>			
Unallocated items			-
Net loss before tax from continuing operations			(671,039)

3. Revenue

	Consolidated	
	31 December 2010	31 December
	\$	2009
		\$
Interest received	2,033	37,337
Sundry income	52,167	10,000
	54,200	47,337

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4. Contingent Assets and Liabilities

There has been no material change to contingent assets or liabilities to those that existed as at 30 June 2010.

5. Current Trade and Other Receivables

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Trade receivables	111,009	60,073
Other receivables	53,075	40,575
Loan to XS Platinum	600,015	700,000
	764,099	800,648
	764,099	800,648

The loan to XS Platinum Ltd was made on 24th of July 2009 as part of an agreement to merge operations. The agreement was subsequently terminated and repayment of the loan is now due. The Directors remain confident that the loan due from XS Platinum Ltd will be recovered in full within the next 12 months.

6. Other Non-Current Assets

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Other non-current assets	1,484,821	-
	1,484,821	-
	1,484,821	-

The amount above represents advances made by the Company to Oceantide Investments Pty Ltd during the half year for the development of the USSU Nickel Project. The Directors are confident that the advances will be recovered through the successful commercial development of the USSU Nickel Project. Upon shareholder approval of the acquisition of 100% of the shares in Oceantide Investments Pty Ltd at the General Meeting scheduled for 14 April 2011, part of the advances will form the investment in the wholly owned subsidiary.

7. Current Trade and Other Payables

	Consolidated	
Unsecured liabilities	31 December 2010	30 June 2010
	\$	\$
Trade payables	780,501	270,146
Sundry payables and accrued expenses	95,888	365,072
Shares owing to Victory West Pty Ltd vendors (note 13)	600,000	-
Deferred consideration owing to Victory West Pty Ltd vendors (note 13)	250,000	-
Payable to related entity	120,000	120,000
	1,846,389	755,218
	1,846,389	755,218

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8. Borrowings

Consolidated

Current Borrowings	31 December 2010	30 June 2010
	\$	\$
Secured Convertible note	2,000,000	-
Unsecured Convertible loans	1,328,000	-
	3,328,000	-

During the period, the Company issued \$1.578 million in convertible loans (\$250,000 had been converted to equity prior to 31 December 2010) to various sophisticated investors. Under the terms of the offer, the convertible note holders have the right before the repayment date of 31 March 2011 to convert the note into ordinary shares of the Company. The conversion price is the lower of \$0.12 per share or the value of the company's most recent capital raising. The loans carries a coupon rate of 10% interest per annum. The loans are un-secured.

The Secured convertible note of \$2million bears interest at 12% per annum and has a maturity date of 11 September 2011. The note is convertible at the higher of \$0.30 or the 5-day average market share price. The note is secured by a fixed and floating charge over the all of the assets and of the Company.

Non-current Borrowings

Consolidated

	31 December 2010	30 June 2010
	\$	\$
Secured Convertible note	-	2,000,000
	-	2,000,000

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9. Share Capital

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Ordinary Shares		
161,877,677 (30 June 2010: 101,044,344) fully paid ordinary shares	20,135,223	13,260,223
	20,135,223	13,260,223

Movements in ordinary shares on issue

	No. of Shares	\$
At 1 July 2010	101,044,344	13,260,223
Issue of shares (i)	2,500,000	375,000
Share placement (ii)	10,416,666	1,250,000
Share placement (iii)	20,833,333	2,500,000
Issue of shares (iv)	25,000,000	2,500,000
Issue of shares (v)	2,083,334	250,000
Equity costs	-	-
At 31 December 2010	161,877,677	20,135,223

- (i) 27 August 2010, the Company issued 2,500,000 ordinary shares at a deemed value of \$0.15 per share as consideration for consultancy services
- (ii) 6 September 2010, the Company raised \$1,200,000 (gross) through the issue of 10,416,667 ordinary shares at a \$0.12 per share through a placement to sophisticated investors.
- (iii) 12 November 2010, the Company raised \$2,500,000 (gross) through the issue of 20,833,333 ordinary shares at a \$0.12 per share through a placement to sophisticated investors.
- (iv) 9 December 2010, the Company issued 25,000,000 ordinary shares at a fair value of \$0.10 per share as consideration for the acquisition of the remaining 25% in Victory West Pty Ltd
- (v) During the half year, the Company issued 2,083,334 ordinary shares at a \$0.12 per share for conversion of convertible loans (refer note 8).

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10. Reserves

a)	Share option reserve	No. of option	\$
	At 1 July 2010	90,004,650	4,964,481
	Ordinary options issued during the period ¹	13,733,334	199,500
	Milestone A options issued during the period ²	3,250,000	155,025
	Milestone B options issued during the period ³	3,000,000	143,100
	At 31 December 2010	109,987,984	5,462,106
b)	Foreign translation reserve	Consolidated	
		31 December 2010	30 June 2010
		\$	\$
	At 1 July 2010	(315,813)	(203,184)
	Adjustment arising from the translation of the financial statements of foreign controlled entities	(1,094,427)	(112,629)
	At 31 December 2010	(1,410,240)	(315,813)
c)	Financial Asset reserve	Consolidated	
		31 December 2010	30 June 2010
		\$	\$
	At 1 July 2010	8,492	-
	Adjustment arising from the revaluation of investments in listed entities	(5,866)	8,492
	At 31 December 2010	2,626	8,492
d)	Acquisition reserve	Consolidated	
		31 December 2010	30 June 2010
		\$	\$
	At 1 July 2010	-	-
	Consideration paid in excess of carrying value of non-controlling interest (refer note 13)	(3,350,000)	-
	At 31 December 2010	(3,350,000)	-

¹ During the half year ending 31 December 2010, the Company issued 6,650,000 options with a value of \$0.03 each to executives and consultants. These options have an exercise price of \$0.20 and expire on 24 February 2012. An additional 7,083,334 options were issued as free attaching options for capital raisings undertaken during the period.

² During the half year ending 31 December 2010, the Company issued 3,250,000 Milestone A incentive options to Directors and executives. Milestone A is achieved when the Company announces to the ASX (or other recognised stock exchange) a JORC compliant resource of at least 120,000 tonnes (265 million pounds) of contained Molybdenum at a minimum grade of at least 600ppm either within one of the permits or total across all of the permits held at that time by the Company

³ During the half year ending 31 December 2010, the Company issued 3,000,000 Milestone B incentive options to Directors and executives. Milestone B is achieved when the company has a market capitalisation of \$80,000,000 Australian Dollars for 5 consecutive trading days.

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11. Events Subsequent to Balance Date

Subsequent to the half year, the Company has received the first tranche Commitment Fee from the China Guangshou Group Corporation (CGGC) of \$500,000 for the Malala Molybdenum Project.

Subsequent to the half year end on 27 January 2011 the Company announced that it had, subject to due diligence, secured the rights to acquire via a way of equity earn-in a 75% equity interest in a highly prospective copper/gold project located in Toraja province, South Sulawesi known as the Sasak Project.

On 11 March 2011 the Company released its Notice of Meeting for shareholders to approve the acquisition of the USSU Nickel Project and to approve the issue of shares to raise \$7.0 million.

Subsequent to the half year Convertible Notes amounting to \$648,000 have been converted resulting in the issue of 5,666,665 shares and options.

Apart from the above mentioned, there have been no events that occurred subsequent to reporting date.

12. Related Party Transactions

Other Income

Receipts of \$52,167 (31 Dec 2009 Nil) were received from Pan Asia Corporation Ltd, an entity related to Mr. Luke Martino for the provision executive financial consulting services. These services were provided on normal commercial terms and conditions and at market rates.

Purchases

Payments of \$233,590 (31 Dec 2009 \$153,805) were made to Indian Ocean Advisory Services Pty Ltd, an entity related to Mr. Luke Martino for the provision of consulting and administrative services, including accounting and rent. These services were provided on normal commercial terms and conditions and at market rates.

Payments of \$161,880 (31 Dec 2009 Nil) were made to Indian Ocean Corporate Pty Ltd, an entity related to Mr. Luke Martino for the provision of corporate services. These services were provided on normal commercial terms and conditions and at market rates.

Payments of \$88,594 (31 Dec 2009 Nil) were made to Splendour Investments Pty Ltd and Atlas Partners Pty Ltd, entities related to Mr. Rob Hydnes for the provision of executive consulting and administrative services, including travel and accommodation costs. These services were provided on normal commercial terms and conditions and at market rates.

Payments of \$82,215 (31 Dec 2009 Nil) were made to Pan Asia Corporation Ltd, an entity related to Mr. Luke Martino for the provision of a serviced office in Jakarta and for technical executive consulting services. These services were provided on normal commercial terms and conditions and at market rates.

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13. Acquisition of subsidiaries

Acquisition of Victory West Pty Ltd

On 21 October 2010, Victory West Moly Ltd entered into a Share Acquisition Agreement with the shareholders of Victory West Pty Ltd to formalise its agreement to acquire the remaining 25% of their shares in Victory West Pty Ltd.

The consideration transferred was \$3,350,000 and was comprised of an issue of equity instruments and a deferred consideration component. The Company issued 25,000,000 ordinary shares with a fair value of \$0.10 each, based on the quoted price of shares of Victory West Moly Ltd (VWM) at the date of exchange.

The Company also issued 10,000,000 performance shares⁴ on 24 February 2011 as part of the purchase consideration. The fair value of the performance shares was deemed to be 50% less than the quote price of VWM at the date of issue (\$0.10 per share). At 31 December 2010 the obligation to issue the performance shares is recognised as a liability in the accounts of the Company (refer note 6).

The deferred consideration is \$250,000 to be converted, at the election of VWM, to shares at VWM's next capital raising. At 31 December 2010 the deferred consideration is recognised as a liability in the accounts of the Company (refer note 6).

The difference between the carrying value of the non-controlling interest as at the date of acquisition of \$nil and the consideration paid is recognised in equity attributable to the parent. Accordingly, a debit to Acquisition Reserve of \$3,350,000 is reflected in the statement of changes in equity. (Also refer note 10).

⁴ The 10,000,000 Performance Shares are convertible to 10,000,000 Shares upon completion of a 10,000 metre drilling exploration program on the Malala Molybdenum Project by the Company (or a third party on behalf of the Company) within 4 years of the date of issue of the Performance Shares.

Grant Thornton Audit Pty Ltd
ABN 94 269 609 023

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin.wa@au.gt.com
W www.grantthornton.com.au

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

We have reviewed the accompanying half-year financial report of Victory West Moly Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Victory West Moly Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1(e) in the financial report which indicates that the consolidated entity incurred a loss of \$1,996,729 during the half-year ended 31 December 2010 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$1,753,815. These conditions, along with other matters as set forth in Note 1(e), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Director - Audit & Assurance

Perth, 16 March 2011