

Half-Year Financial Report

For the half-year ended 31 December 2023

ACN 601 004 102

Corporate Directory

Contents

Corporate Directory1

Directors’ Report 2

Auditor’s Independence Declaration.....12

Financial Statements13

 Statement of Profit or Loss and Other Comprehensive Income13

 Statement of Financial Position.....14

 Statement of Changes in Equity15

 Statement of Cash Flows.....16

 Notes to the Consolidated Financial Statements.....17

Directors’ Declaration..... 29

Independent Auditor’s Review Report..... 30

Directors

Ian Smith	Non-Executive Chairman
Ron Douglas	Chief Executive Officer
Maree Arnason	Non-Executive Director
Don Runge	Non-Executive Director

Company Secretary

Ian Hobson

Principal Office

Suite 1, Level 11, 330 Collins Street
Melbourne, Victoria 3000

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth, Western Australia 6000

Share Registry

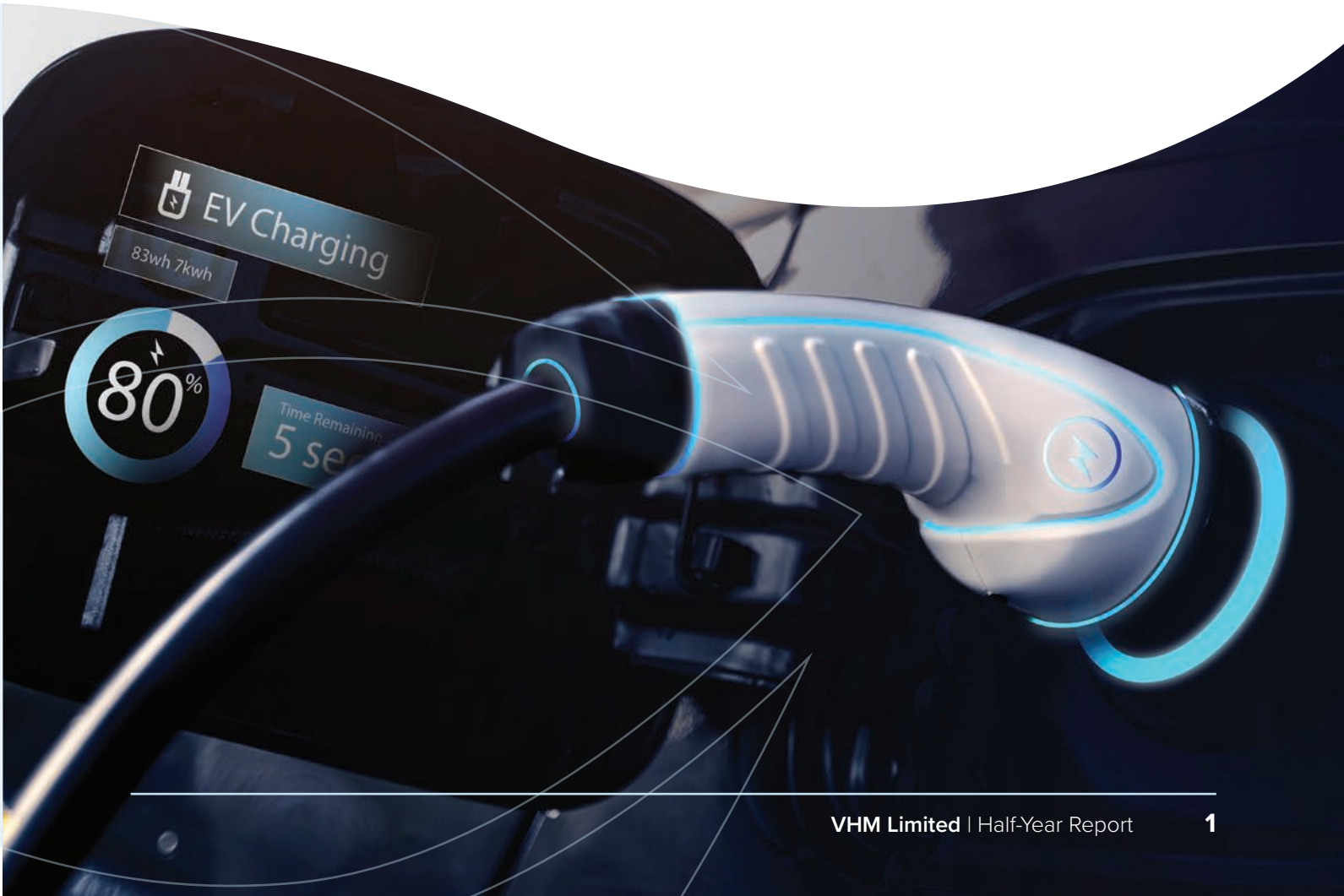
Automic Pty Ltd
Level 2/267 St Georges Terrace
Perth, Western Australia 6000

Website

www.vhmltd.com.au

Company Information

The Company is domiciled in Australia.



Directors’ Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the ‘consolidated entity’ or ‘Group’) consisting of VHM Limited (referred to hereafter as the ‘Company’ or ‘parent entity’) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of VHM Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian Smith	Non-Executive Chairman (appointed Non-Executive Director 18 August 2023, appointed Chairman 20 November 2023)
Ron Douglas	Chief Executive Officer (appointed Non-Executive Director 18 August 2023, transitioned to Executive Director 1 October 2023)
Maree Arnason	Non-Executive Director (appointed 18 August 2023)
Don Runge	Non-Executive Director (resigned as Chairman 20 November 2023)
Graham Howard	Non-Executive Director (transitioned from Managing Director to Non-Executive Director on 30 September 2023 and resigned on 25 February 2024)
Michael Allen	Executive Director (resigned 18 August 2023)
Gamini Colless	Non-Executive Director (resigned 18 August 2023)

Company Secretary

Ian Hobson

Results

The loss for the half-year after tax was \$4,336,000 (31 December 2022: \$10,207,000). The loss for the half-year has decreased compared to the comparative period primarily driven by the substantial land compensation payment and finance charges in respect of the Company’s convertible notes incurred in the previous half-year period.

Review of Operations

During the period, the Company completed a number of project-critical milestones required to advance the Goschen Rare Earths and Mineral Sands Project (Goschen) towards construction, including the assembly of a Board of Directors with major mine construction experience, and the placement of the Goschen Environment Effects Statement on public exhibition.

In addition, the Company obtained a five-year exploration licence renewal which completed VHM’s renewal of its fourth and final exploration permit required to secure the Company’s tenement holdings in North West Victoria to 2028. An Inferred maiden Mineral Resources estimate for the Nowie Project was undertaken within the area, during the period and reported to ASX on 24 January 2024.

Subsequent to the period the Company successfully concluded negotiations for its first binding offtake agreement for Goschen Phase 1 products (rare earth mineral concentrate and zircon-titania heavy mineral concentrate) with Shenghe Resources (Singapore) Pte Ltd (Shenghe). The Company also fulfilled its statutory advertising obligation to publicise the Company’s Mining Licence application for the Goschen Project.

Binding Offtake Agreement

Subsequent to the period, VHM completed a binding offtake agreement with Shenghe for the Goschen Project - Phase 1 products¹.

The binding offtake is for 6,400 tonnes per annum of rare earth mineral concentrate (REMC) and 100,000 tonnes zircon-titania heavy mineral concentrate (HMC) products (each approximately 60% of forecast production per annum) from the Goschen Project, for an initial three-year term.

This agreement highlights the quality of the Goschen Project and the value in the initial products (a REMC containing greater than 58% total rare earth oxide (TREO)²; and a zircon-titania HMC comprising high-grade zircon, rutile, leucoxene, and ilmenite).

This binding offtake agreement is the first for the Goschen Project and demonstrates strong endorsement of the world-class rare earths and mineral sands resource from the globally recognised rare earths and mineral sands processor, Shenghe.

The value of the remaining 40% production will be maximised through spot sales and other commercial arrangements. VHM is committed to developing a hydromet circuit to produce a mixed rare earth carbonate, as part of the staged development approach described in the Goschen Definitive Feasibility Study as Phase 1A³. The hydromet circuit is to be co-located on the Goschen mine footprint alongside the base plant (Phase 1) and will bring further capability to Australia’s downstream rare earths processing capabilities.

Permitting

The Goschen Project’s Environment Effects Statement (EES) was placed on public exhibition for a period of 40 business days, and commenced from 20 November 2023 until 11.59pm, 17 January 2024⁴. Consent to publicly exhibit was received from the Victorian Planning Minister, earlier in the month⁵.

The draft Work Plan, Planning Scheme Amendment and Environment Protection Authority Development Licence application were also included in the public display. Throughout the public exhibition period, members of the public were invited to access the EES and related documentation and make public comment submissions to Planning Panel Victoria regarding the EES.

Public exhibition of the EES marked a significant milestone in the Goschen approvals process and an achievement for all involved in the Project to date.

The next stage in the EES process is the independent Inquiry and Advisory Committee (IAC) hearing. This involves a Directions Hearing and a Public Hearing, and is managed by the appointed IAC⁶:

- The Directions Hearing was held on Tuesday, 13 February 2024 and will be followed by a Public Hearing.
- The Public Hearing is scheduled to begin the week commencing Monday, 25 March 2024.

1. ASX release dated 31 January 2024

2. ASX release dated 28 March 2023

3. ASX release dated 28 March 2023

4. ASX release dated 14 November 2023

5. ASX release dated 1 November 2023

6. ASX release dated 14 November 2023

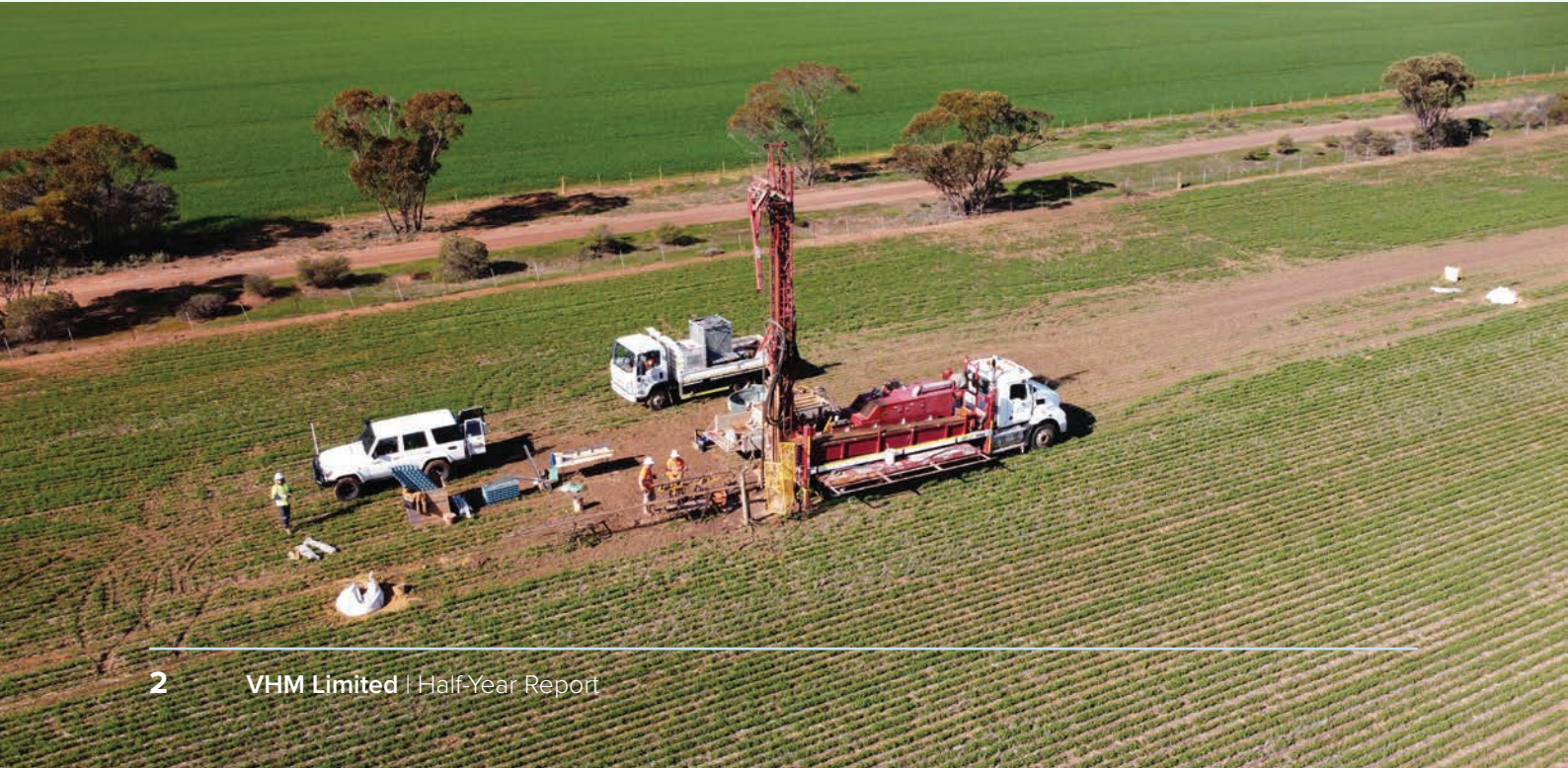


Figure 1: Next steps in the Goschen Project’s EES Approvals process illustrated in calendar year



* Executed by Planning Panel Victoria selected Independent Inquiry and Advisory Committee.

Mining Licence Application

Subsequent to the period the Company placed the Goschen Project's Mining Licence application on public notice on 9 January 2024⁷. The review and issue of a mining licence by the Earth Resources Regulator is dependent on the outcome of the EES approvals process, with the statutory advertising for the mining licence application running concurrently with the EES Public Exhibition stage.

Earth Resources Regulator Compliance

No reportable incidents, either environmental or exploration, occurred during the reporting period. No regulatory audits were undertaken. The Annual Technical Report and Expenditure Reports were prepared and submitted for all licences in accordance with regulatory requirements. All tenements remain in good standing with financial commitments met.

Company Exploration Program

Area 4 “Orion” Probable Ore Reserve

The Company added 11.5 million tonnes (Mt) @ 5.6% Total Heavy Mineral (THM) Probable Ore Reserve to the Company Global Resource with the release of Area 4 maiden Ore Reserve⁸.

The Ore Reserve is based on the Goschen Project Area 4 Mineral Resource Estimate, September 2019, which was generated for the Company by IHC Robbins⁹. The new Ore Reserve is classified as Probable, in accordance with Pre-Feasibility Study (JORC 2012) level of detail.

A high-grade mineable horizon of 2.6 Mt @ 9.6% THM exists at the top of the Area 4 ore body. The horizon contains:

- 245,500 tonnes of mineable THM
- 67,700 tonnes of zircon at an in-situ grade of 2.6% (representing 27.6% of the economic mineral assemblage of ore in this upper horizon)
- Average in-situ grade of the upper horizon is a standout 2300ppm TREO.

7. ASX release dated 24 January 2024
8. ASX release dated 29 September 2023
9. Prospectus lodged with ASX on 5 January 2023

Nowie Inferred Maiden Mineral Resource Estimate

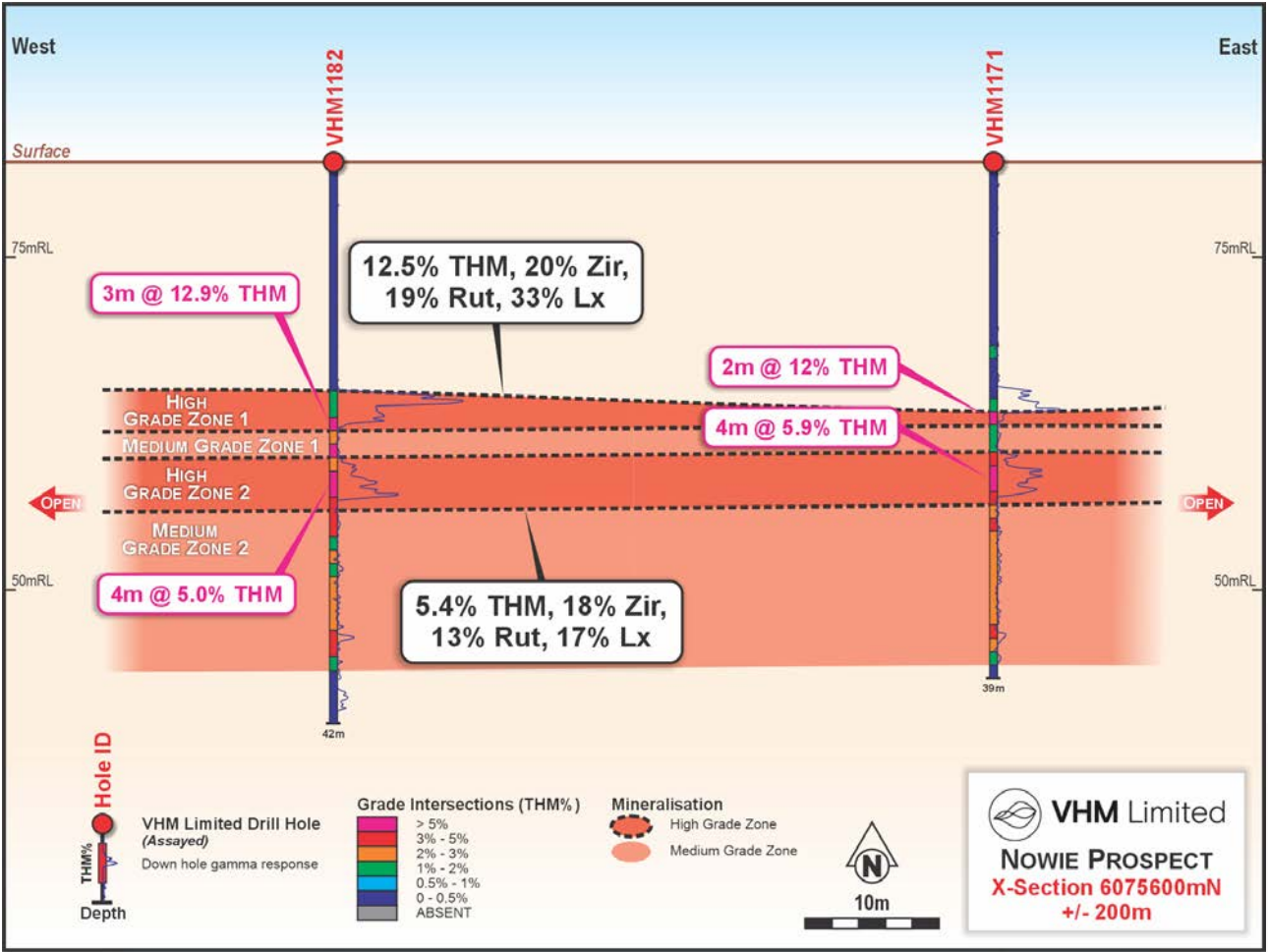
The Company confirmed a new Inferred Mineral Resource of 16.4 Mt @ 3.8% THM grade, in accordance with JORC 2012, for its Nowie Project, located just 22km north of the flagship Goschen Project¹⁰. The Mineral Resource estimate is based on drilling results published in August of this reporting period¹¹.

Geological interpretation from 43 drill holes concludes that the Nowie deposit is formed from multiple high-grade strandline systems occurring above a 20-metre-thick sequence of moderate THM grade sheet style mineralisation. Interpretation of the drilling and airborne geophysics data indicates the Nowie deposit is at least 3km in width (east to west) and up to 11km in strike length (north to south).

The maiden Mineral Resource include 6.4 Mt @ 6.1% THM contained in high-grade strandline deposits which remain open along and across strike.

Down hole geophysics and geological logging from all 43 drill holes in Exploration Licence (EL) 6666 was sufficient to provide geological continuity. The Inferred classification reflects the appropriate level of confidence in grade, tenor, and geological continuity of this estimate.

Figure 2: Cross section 6075600mN indicating near surface high-value THM composites (12.5%)



10. ASX release dated 24 January 2024
11. ASX release dated 8 August 2023

Exploration Licence Renewals

During the period the Company received 5-year term extensions for all four of its exploration permits. Extensions were granted to VHM for EL6419, EL6664 and EL6666 in August¹², and for EL6769 in September¹³. As a result, the Company maintains its combined licence holding over a total 2860km² area in North West Victoria.

During the period the Company transferred four Victorian exploration licences (EL 7827, 7807, 7810 and 7803) (Table 1) to its former subsidiary, VP Minerals Limited in accordance with the 2022 Asset Sale Agreement between the parties. In addition, the Company received \$1.3 million from VP Minerals in full repayment of the loan to its former subsidiary. The loan agreement between the companies is now terminated¹⁴.

VHM will continue to invest in exploration and evaluation work within its exploration and retention licence areas, as it is required to do under the conditions of its licences and the *Mineral Resources (Sustainable Development) Act 1990*. Future critical mineral projects may result from this exploration activity. Such potential projects will be subject to social and environmental impact assessments¹⁵.

VHM Limited’s tenement licences as at 31 December 2023 are provided in Table 2.

Table 1: Tenements transferred to VP Minerals Limited

Licence Number	Location	Registered Holder	Project	Status	Area (km ²)	Grant date	Expiry Date
EL 7827	North West Victoria	VPM Ltd	Exploration	Current	335	15/08/2022	14/08/2027
EL 7807	North West Victoria	VPM Ltd	Exploration	Current	421	15/08/2022	14/08/2027
EL 7810	North West Victoria	VPM Ltd	Exploration	Current	424	15/09/2022	14/9/2027
EL 7803	North West Victoria	VPM Ltd	Exploration	Current	609	11/10/2022	10/10/2027
Total Km ²					1,789		

Table 2: VHM Limited tenement table as at 31 December 2023

Licence Number	Location	Registered Holder	Project	Status	Area (km ²)	Grant date	Expiry Date
RL6806	North West Victoria	VHM Ltd	Goschen	Current	311	10/01/2020	09/01/2027
EL 6419	North West Victoria	VHM Ltd	Cannie	Current	443	18/05/2023	17/05/2028
EL 6664	North West Victoria	VHM Ltd	Cannie	Current	618	18/06/2023	17/06/2028
EL 6666	North West Victoria	VHM Ltd	Nowie	Current	447	18/06/2018	17/06/2028
EL 6769	North West Victoria	VHM Ltd	Exploration	Current	1041	27/08/2018	27/08/2028
Total Km ²					2,860		

Commercial

Land Acquisition Agreements

The Company entered into one land acquisition agreement with a regional landowner to purchase the freehold title to all, or the majority of, freehold land within the operational footprint of the Goschen Project.

Research & Development Claim

The Company successfully claimed \$4,501,000 in tax offsets during the half-year in respect of its exploration activities that qualified as research and development¹⁶.

The receipt of funds puts the Company in a strong position moving into 2024 and will be used to continue the work streams underway for the Goschen Project.

12. See ASX release dated 17 August 2023 15. ASX release dated 24 January 2024
13. See ASX release dated 3 October 2023 16. ASX release dated 24 January 2024
14. ASX release dated 24 January 2024

Community

VHM is committed to seeking and maintaining a social licence to operate through all stages of the Goschen Project. The Company has maintained an active presence in the community during the current approval process and will continue to actively engage with all landowners that will be impacted directly and indirectly by the project.

Key community engagement activities during the period included stakeholder meetings, sponsorship engagement and local industry participation in the Swan Hill Housing Summit and the Cross-Border Future Industry Workforce Forum (Victoria and New South Wales Government initiative).

Hard copies of the Goschen EES, draft Planning Scheme Amendment and Development Licence application (under the Environment Protection Act) were made available throughout the Goschen Project EES Public Exhibition¹⁷.

Community sponsorship or donation activities undertaken during the period included:

- **Social:** Golden Rivers and Central Murray Football-Netball Leagues, A Good Kitchen Swan Hill, Kerang Neighbourhood House Food Assistance Program, Swan Hill Show, Kerang Show, Kerang Traders Xmas Street Festival and Swan Hill Christmas Lights Competition.
- **Education:** School visits with Dr Rodney Boucher (Geology) as part of the Teacher Earth Science Education Program (TESEP).
- **Local industry:** Victorian Mine Rescue Competition (Minerals Council of Australia) and Mallee Machinery Field Days.

Environmental, Social and Corporate Governance

Consistent with the Company’s Environment, Social and Governance focus, approximately 40 percent of roles within VHM are held by women, above the industry average for Australia. The Company is committed to overcoming barriers when entering and advancing careers in the sector.



TESEP consultant Geologist Dr Rodney Boucher inspiring local students.



Mine incident simulation exercise during the 2023 Victorian Mine Rescue Competition.

Corporate

The Annual General Meeting (AGM) was held on 20 November 2023 in Brisbane Queensland, with hybrid meeting attendance options available to all shareholders. All resolutions put to the meeting were passed on a poll with a summary report released on the same day¹⁸.

Mr Ian Smith assumed the position as Chairman of the Company's Board of Directors from Mr Don Runge at the conclusion of the AGM, and Mr Runge transitioned to a Non-Executive Director¹⁹.

17. ASX release dated 14 November 2023
18. ASX release dated 20 November 2023
19. ASX release dated 5 December 2023

Ore Reserves and Mineral Resources as at 31 December 2023

Company Ore Reserves

The Company’s total Ore Reserves during the reporting period increased from 198.7 Mt to 210.2 Mt (Proven and Probable) (Table 4)²⁰. Work undertaken during the period focused on development of Area 4 Ore Reserve.

The Goschen Project Definitive Feasibility Study (DFS) Ore Reserves are a subset of total Company Ore Reserves and remain unchanged at 98.8 Mt (Proven and Probable) (Table 5), which supports a 20-year mine life with a process plant throughput rate of 5 million tonne per annum²¹.

Table 4: Company Ore Reserves

Reserve Classification	Ore Tonnes (Mt)	THM %	ZIR %	RUT %	LX %	ILM %	MON %	XEN %
Proven	24.5	5.4	29.9	10.8	9.0	24.7	4.3	0.8
Probable	185.7	3.6	21.0	9.8	8.3	25.7	3.5	0.6
Total	210.2	3.8	22.0	9.9	8.4	25.6	3.6	0.6

Table 5: Goschen Project DFS Ore Reserves (subset of Global Company Ore Reserves)

Reserve Classification	Ore Tonnes (Mt)	THM %	ZIR %	RUT %	LX %	ILM %	MON %	XEN %
Proven	25.5	5.6	29.6	10.8	9.1	24.7	4.3	0.8
Probable	73.3	3.4	20.2	9.3	8.1	25.4	3.4	0.6
Total	98.8	4.0	23.6	9.9	8.5	25.1	3.7	0.7

Company Mineral Resources

The Company’s Mineral Resource estimate during the reporting period increased from 820.4 Mt to 836.8 Mt (Table 6). The increase was attributable to development of the maiden Nowie Mineral Resource estimate, comprising an Inferred Resource of 16.4 Mt @ 3.8% THM grade²².

Table 6: Company’s Mineral Resources

Mineral Resource Category	THM Assemblage							
	Material	THM	Zircon	Rutile	Leucoxene	Ilmenite	Monazite	Xenotime
	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Measured	30.7	5.72	29.9	10.8	9.0	24.7	4.3	0.8
Indicated	310.3	3.19	20.5	10.1	8.6	24.9	3.4	0.7
Inferred	495.8	2.67	20.4	12.0	15.8	12.7	3.4	0.7
Total	836.8	2.98	21.1	11.2	12.4	18.4	3.4	0.7



Events Subsequent to Balance Date

Since the end of the reporting period and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of Amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

Compliance Statement

The information in this report regarding the Company’s Mineral Resource estimate and the Ore Reserves estimate for the Goschen, Cannie and Nowie Projects were contained in the Prospectus dated 21 November 2022 and updated in the following ASX Announcements:

- Definitive Feasibility Study: “Goschen Project DFS Refresh” 28 March 2023.
- Mineral Resource Statement: “New Cannie Critical Mineral Project” 16 May 2023.
- Company Ore Reserve update: “Outstanding Results for Area 4 of the VHM Leases” 29 September 2023.
- Nowie Maiden Inferred MRE: “Quarterly Activities / Appendix 5B Cash Flow Report” 24 January 2024.

The Company confirms that it is not aware of any new information or data that materially affects the results of exploration, Mineral Resource and Ore Reserve Estimates referenced in the above-mentioned market announcements and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates continue to apply and have not materially changed.

20. ASX release dated 29 September 2023

21. ASX release dated 28 March 2023

22. ASX release dated 24 January 2024

Forward Looking Statements

This report contains reference to certain intentions, expectations, future plans, strategy and prospects of the Company. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisors or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors’ report.

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.

On behalf of the Directors



Ron Douglas
Chief Executive Officer
Melbourne, Victoria
27 February 2024



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of VHM Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2024



L Di Giallonardo
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

VHM Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Notes	Consolidated	
		Half-year 2023 \$'000	Half-year 2022 \$'000
Income			
Interest income	2	447	39
Other income	2	23	45
		470	84
Expenditure			
Corporate and administrative expense	3	(2,119)	(2,665)
Land compensation		-	(2,002)
Depreciation expense		(220)	(71)
Employee benefits expense		(1,620)	(1,292)
Finance costs	4	(542)	(4,010)
Share based payment expense	16	(305)	(251)
		(4,806)	(10,291)
Loss before income tax		(4,336)	(10,207)
Income tax expense		-	-
Loss after income tax for the half-year		(4,336)	(10,207)
Other comprehensive loss		-	-
Total comprehensive loss for the half-year		(4,336)	(10,207)
Loss per Share			
Basic loss per share (dollar per share)		(0.02)	(0.07)
Diluted loss per share (dollar per share)		(0.02)	(0.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

VHM Limited
Statement of Financial Position
As at 31 December 2023

		Consolidated	
		31 December 2023 \$'000	30 June 2023 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents	5	13,976	20,649
Loans and advances	7	-	1,201
Other assets	6	495	405
Total current assets		14,471	22,255
Non-current assets			
Rehabilitation bond		55	55
Deferred exploration and evaluation expenditure	8	39,407	39,193
Property, plant and equipment	9	18,688	16,273
Right-of-use assets	10	845	990
Total non-current assets		58,995	56,511
Total assets		73,466	78,766
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,563	3,091
Land acquisition liabilities-current	14	1,506	4,029
Lease liabilities	12	269	255
Provisions	13	351	606
Total current liabilities		3,689	7,981
Non-current liabilities			
Land acquisition liabilities	14	8,409	5,258
Lease liabilities	12	630	767
Total non-current liabilities		9,039	6,025
Total liabilities		12,728	14,006
Net assets		60,738	64,760
EQUITY			
Issued capital	15	108,501	108,375
Reserves	17	4,069	3,881
Accumulated losses		(51,832)	(47,496)
Total equity		60,738	64,760

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

VHM Limited
Statement of Changes in Equity
For the half-year ended 31 December 2023

	Issued capital \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2022	41,287	5,638	(29,580)	17,345
Loss for the half-year	-	-	(10,207)	(10,207)
Total comprehensive loss for the half-year	-		(10,207)	(10,207)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued on exercise of options	366	(176)	-	190
Conversion of notes into share capital	35,530	-	-	35,530
Capital reduction on in-species distribution of shares in VP Minerals	(1,871)	-	-	(1,871)
Share based payments recognised	-	563	-	563
Balance at 31 December 2022	75,312	6,025	(39,787)	41,550
Consolidated				
Balance at 1 July 2023	108,375	3,881	(47,496)	64,760
Loss for the half-year	-	-	(4,336)	(4,336)
Total comprehensive loss for the half-year	-	-	(4,336)	(4,336)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued on exercise of options	126	(126)	-	-
Share based payments recognised	-	314	-	314
Balance at 31 December 2023	108,501	4,069	(51,832)	60,738

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VHM Limited

Statement of Cash Flows

For the half-year ended 31 December 2023

	Consolidated	
	Half-year 2023 \$'000	Half-year 2022 \$'000
Cash flows from operating activities		
Interest received	447	39
Payments to suppliers and employees	(4,581)	(6,979)
Net cash outflows from operating activities	(4,134)	(6,940)
Cash flows from investing activities		
Bank term deposit	-	(223)
Payments for exploration and evaluation expenditure	(5,741)	(10,188)
Purchase of property, plant and equipment	(2,042)	(1,847)
Cash flows from/(to) loans to other entities	1,226	(343)
Research and development refundable tax offset	4,501	4,441
Net cash outflows from investing activities	(2,056)	(8,160)
Cash flows from financing activities		
Proceeds on exercise of options	-	189
Payment of lease liabilities	(154)	(19)
Proceeds from borrowings	-	3,480
Repayment of borrowings	-	(3,480)
Interest and finance cost paid	(329)	(2,066)
Net cash outflows from financing activities	(483)	(1,896)
Net decrease in cash and cash equivalents	(6,673)	(16,996)
Cash and cash equivalents at the beginning of financial half-year	20,649	24,366
Cash and cash equivalents at the end of financial half-year	13,976	7,370

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

Note 1: Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of preparation

The interim 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 Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The Group comprises VHM Limited and its wholly owned subsidiaries, GP Land Holdings Pty Ltd, GPB Land Holdings Pty Ltd, GPF Land Holdings Pty Ltd and GPBJ Holdings Pty Ltd.

Going Concern

The interim financial statements have been prepared on a going concern basis, which assumes the commercial realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business.

The Group recorded a loss of \$4,336,000 (31 December 2022: \$10,207,000) for the half-year. At balance date, the Group had net assets of \$60,738,000 (30 June 2023: \$64,760,000) which included cash and cash equivalents of \$13,976,000 (30 June 2023: \$20,649,000) and a working capital surplus of \$10,782,000 (30 June 2023: \$14,274,000).

Based on the working capital surplus and cash and cash equivalents at balance date and, for the following reasons, the Directors believe that the assumption of going concern is valid in the preparation of these financial statements:

- The Directors have a track record of successfully raising equity capital for the expenditure required to progress the project. As at the date of this report, the Company has mandated brokers to assist the Company in its capital raising endeavours; and
- The Company also has the capacity to reduce discretionary expenditure to take account of available funding.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group financial report for the year ended 30 June 2023.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

Note 1: Material accounting policy information (continued)

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business in issue, and those not early adopted, and, therefore, no change is necessary to the Group's accounting policies.

Note 2: Other Revenue

	Consolidated	
	Half-year 2023 \$'000	Half-year 2022 \$'000
Interest income	447	39
Service charges	23	45
	470	84

Note 3: Corporate and Administrative Expense

	Consolidated	
	Half-year 2023 \$'000	Half-year 2022 \$'000
Professional fees	992	1,708
Legal fees	363	88
Auditor's remuneration	69	87
Other corporate and administrative expenses	695	782
	2,119	2,665

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

Note 4: Finance Costs

	Consolidated	
	Half-year 2023 \$'000	Half-year 2022 \$'000
Unwind of convertible note issue costs	-	1,810
Interest on convertible notes	-	1,709
Interest on land acquisitions	507	441
Interest on other borrowings	3	44
Interest on lease liabilities	32	6
	542	4,010

Note 5: Cash and Cash Equivalents

	Consolidated	
	Half-year 2023 \$'000	Half-year 2022 \$'000
Current		
Cash at bank	6,592	4,932
Term deposits	7,383	15,715
Petty cash	1	2
	13,976	20,649

Note 6: Other Assets

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Current		
Prepayments – Insurance	223	89
Prepayments – Other	64	52
GST receivable	193	233
Cash collateralised bank guarantees	15	31
	495	405

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 7: Related Party Transactions

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Loan to VP Minerals Limited	-	1,201
	-	1,201

The loan to VP Minerals Limited was repaid in full on 20 December 2023. The total loan amount at the time of repayment was \$1,310,000 which included interest and service charges.

Note 8: Deferred Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost	39,407	39,193
	39,407	39,193

Movement in carrying amounts	Consolidated	
	6 months to 31 December 2023 \$'000	Year to 30 June 2023 \$'000
Exploration and evaluation phase at cost – inception to period commencement	39,193	38,467
Exploration expenditure incurred – current year	4,715	18,289
Eligible exploration expenditure R&D refundable tax offset – prior years	-	(11,251)
Eligible exploration expenditure R&D refundable tax offset – current year	(4,501)	(4,441)
Sale of licences to VP Minerals Limited	-	(1,871)
	39,407	39,193

The recoupment of costs carried forward in relation to the exploration and evaluation phase activities on the Group's retention and exploration licences is dependent upon the successful development and commercial exploitation or sale of the respective tenements.

Expenditure incurred includes employee expenses related to share-based payments of \$9,087 (June 2023: \$1,265,275) for options issued to employees directly engaged in exploration activities.

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 9: Property, Plant and Equipment

	Land Acquisition under Contract \$'000	Land and buildings \$'000	Property and equipment \$'000	Fixtures and fittings \$'000	Motor Vehicles \$'000	Low Value Pool \$'000	Total \$'000
31 December 2023							
Carrying amount	16,980	1,256	258	2	230	37	18,763
Accumulated depreciation	-	(15)	(34)	-	(18)	(8)	(75)
	16,980	1,241	224	2	212	29	18,688
Reconciliation							
Opening balance – 1 July 2023	14,490	1,256	258	2	230	37	16,273
Additions	2,490	-	-	-	-	-	2,490
Depreciation	-	(15)	(34)	-	(18)	(8)	(75)
Closing balance – 31 December 2023	16,980	1,241	224	2	212	29	18,688

	Land Acquisition under Contract \$'000	Land and buildings \$'000	Property and equipment \$'000	Fixtures and fittings \$'000	Motor Vehicles \$'000	Low Value Pool \$'000	Total \$'000
30 June 2023							
Carrying amount	14,490	1,280	436	29	292	42	16,569
Accumulated depreciation	-	(24)	(178)	(27)	(62)	(5)	(296)
	14,490	1,256	258	2	230	37	16,273
Reconciliation							
Opening balance – 1 July 2022	10,307	-	157	3	267	-	10,374
Additions	4,183	1,280	136	3	-	42	5,644
Depreciation	-	(24)	(35)	(4)	(37)	(5)	(105)
Closing balance – 30 June 2023	14,490	1,256	258	2	230	37	16,273

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 10: Right-of-use Assets

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Carrying value:		
At cost	990	270
Additions	-	1,159
Accumulated depreciation	(145)	(439)
	845	990
	6 months to 31 December 2023 \$'000	Year to 30 June 2023 \$'000
Reconciliation:		
Opening balance	990	5
Additions	-	1,159
Depreciation	(145)	(174)
	845	990

The Group's Right-of-Use assets comprise operating leases for office premises (refer to Note 12).

Note 11: Trade and Other Payables

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Trade creditors	1,253	2,497
Accruals	298	575
Others	12	19
	1,563	3,091

Trade and other payables amount represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 12: Lease Liabilities

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Current liabilities	269	255
Non-current liabilities	630	767
	899	1,022
	6 months to 31 December 2023 \$'000	Year to 30 June 2023 \$'000
Reconciliation:		
Opening balance	1,022	-
Additions during the half-year	-	1,159
Interest	31	41
Principal repayments	(154)	(178)
Closing balance	899	1,022

The lease relates to the Melbourne head office and expires in November 2026.

Note 13: Provisions

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Employees benefits (annual leave and long service leave)	351	606
	351	606

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 14: Land Acquisition Liabilities

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Carrying value:		
Current liabilities	1,506	4,029
Non-current liabilities	8,409	5,258
	9,915	9,287

	6 months to 31 December 2023 \$'000	Year to 30 June 2023 \$'000
Reconciliation:		
Opening balance	9,287	7,462
Purchase price adjustment	-	2,830
Plus: Additions ¹	2,324	-
Plus: Interest expense	373	851
Less: Payments (principal plus interest)	(2,069)	(1,856)
Closing balance at the end of the period	9,915	9,287

¹ Includes a land acquisition agreement for additional freehold land within the project area which was concluded in December 2023 with total consideration of approximately \$3.0 million, payable in instalments, with approximately \$1.8 million payable in a bullet payment at the end of the term. The discount rate per annum used to estimate liabilities on a net present value basis is 12%.

Note 15: Issued Capital

(a) Issued Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends

(b) Ordinary Shares

	31 December 2023 Number	30 June 2023 Number	31 December 2023 \$	30 June 2023 \$
Ordinary shares – fully paid	203,312,537	203,101,902	108,501,048	108,374,667

VHM Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2023

Note 15: Issued Capital (continued)

**6 months to 31 December 2023:
Movement in ordinary shares**

	Date	Shares	Issue Price (\$)	\$
Balance	1 July 2023	203,101,902		108,374,667
Shares issued upon exercise of ZEPOs	26 September 2023	210,635	-	126,381
		203,312,537		108,501,048

¹ Refer to Note 8 for further details of the demerger of VP Minerals.

**Year to 30 June 2023:
Movement in ordinary shares**

	Date	Shares	Issue Price (\$)	\$
Balance	1 July 2022	139,141,273		41,287,027
Capital reduction due to in-species shares transfer in VP Minerals	17 August 2022	-	-	(1,870,869)
Shares upon exercise of options	23 August 2022	320,000	0.22	69,710
Shares upon exercise of options	23 August 2022	320,000	0.37	119,502
Transfer of options exercised from share based payment reserve	23 August 2022	-	-	176,134
Convertible notes converted into shares	23 December 2022	35,069,753	1.01	35,530,000
Capital raising – net of costs	9 January 2023	22,222,222	1.35	28,126,591
Shares upon exercise of ZEPOs	20 January 2023	5,140,865	-	-
Transfer of options exercised from share based payment reserve	20 January 2023	-		4,328,096
Shares upon exercise of ZEPOs	13 February 2023	587,789	-	-
Transfer of options exercised from share based payment reserve	13 February 2023	-		428,476
Shares upon exercise of ZEPOs	24 May 2023	300,000	-	-
Transfer of options exercised from share based payment reserve	24 May 2023	-		180,000
		203,101,902		108,374,667

Note 15: Issued Capital (continued)**(c) Options**

6 months to 31 December 2023	Opening balance	Issued	Exercised	Lapsed/ Cancelled	Closing balance
Zero Exercise Price Options (ZEPOs)	4,377,157	-	(210,635)	-	4,166,522
Special exertion options	1,000,000	2,500,000	-	-	3,500,000
Adviser options	3,127,186	2,000,000	-	-	5,127,186
	8,504,343	4,500,000	(210,635)	-	12,793,708

Year to 30 June 2023	Opening balance	Issued	Exercised	Lapsed/ Cancelled	Closing balance
Zero Exercise Price Options (ZEPOs)	10,405,810	-	(6,028,653)	-	4,377,157
Special exertion options	1,000,000	-	-	-	1,000,000
Adviser options	640,000	3,127,186	(640,000)	-	3,127,186
	12,045,810	3,127,186	(6,668,653)	-	8,504,343

Note 16: Share Based Payments**Incentive Option Plan**

The Group adopted an Incentive Option Plan (“IOP”) in 2019 as a way to provide incentives, assist with recruitment, reward and retain employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The plan was superseded when the Company adopted a new plan as set out in the prospectus. There have been no options issued under the new incentive option plan.

Other share based payments

The Group makes share based payments to Directors, consultants and/or service providers from time to time, not under any specific plan.

Share based payment expenses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and, where appropriate, capitalised under exploration expenditure in the Consolidated Statement of Financial Position.

	Half-year 2023 \$	Half-year 2022 \$
Expensed in Consolidated Statement of Profit or Loss and Other Comprehensive Income including shares issued in lieu of fees	305,216	251,112
Capitalised to Deferred Exploration and Evaluation Expenditure (Note 8)	9,087	311,546
	314,303	562,658

Note 16: Share Based Payments (continued)

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year under the Incentive Option Plan and in accordance with shareholder approval of the Special Exertion Options issued to Non-Executive Directors:

	6 months to 31 December 2023	
	Number of Options	Weighted average exercise price (\$)
Outstanding at the beginning of the period	8,504,343	0.8622
Granted during the half-year	4,500,000	1.1500
Exercised during the half-year	(210,635)	0.0000
Lapsed during the half-year	-	-
Outstanding at the end of the period	12,793,708	0.9677

	Year to 30 June 2023	
	Number of Options	Weighted average exercise price (\$)
Outstanding at the beginning of the period	12,045,811	0.0988
Granted during the period	3,127,186	2.0250
Exercised during the period	(6,668,654)	0.0285
Lapsed during the period	-	-
Outstanding at the end of the period	8,504,343	0.8622

The following table lists the input to the binomial valuation model used for the options during the period:

	Adviser options	Director options
Number	2,000,000	2,500,000
Grant date	9 October 2023	1 December 2023
Expiry date	9 October 2025	1 December 2026
Market vesting conditions	Nil	Nil
Share price	\$0.50	\$0.75
Exercise price	\$0.90	\$1.35
Risk free rate	3.98%	4.07%
Early exercise multiple	2.5x	2.5x
Expected share price volatility	70.00%	70.00%
Dividend yield	Nil	Nil
Fair value per option	\$0.1135	\$0.2343

Note 17: Share Based Payment Reserve

	Consolidated	
	6 months to 31 December 2023 \$	Year to 30 June 2023 \$
Balance at beginning of period	3,880,875	5,638,150
Value of share based payments capitalised to Deferred Exploration and Evaluation Expenditure	9,087	1,265,275
Value of share based payments expensed	305,216	2,090,156
Transfer to issued capital (options exercised during current period)	(126,381)	(5,112,706)
Balance at end of period	4,068,797	3,880,875

Note 18: Segment Reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The reportable segment is represented by the primary statements forming these financial statements.

Note 19: Fair Value Measurement

The Directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values. The Group’s financial assets and liabilities are measured at amortised cost. Therefore, the disclosures required by AASB13: Fair Value Measurement, of the fair value measurement hierarchy have not been made.

Note 20: Commitments and Contingent Liabilities

There have been no significant changes to the commitments and contingent liabilities with what was disclosed in the most recent financial report.

Note 21: Events Subsequent to Balance Date

Since the end of the reporting period and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors’ Declaration

In the Directors’ opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity’s financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Ron Douglas
Chief Executive Officer
Melbourne, Victoria
27 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of VHM Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of VHM Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 VHM Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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 2023 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.

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2024

L Di Giallonardo

L Di Giallonardo
Partner



VHM Limited

Level 11, 330 Collins Street
Melbourne VIC 3000
Australia

Telephone: +61 8 9388 8290

www.vhmltd.com.au

ABN 58 601 004 102