



VHM Limited

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Half-Year Financial Report

For the half-year ended 31 December 2022

ACN 601 004 102

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Corporate Directory

Directors

Donald George Runge	Chairman
Graham Roger Howard	Managing Director
Michael Barry Allen	Executive Director
Gamini Malcolm Colless	Non-Executive

Company Secretary

Ian Hobson

Registered Office

Suite 8, 110 Hay Street
Subiaco, Western Australia 6008

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.

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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') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Donald Runge	Non-Executive Chairman
Graham Howard	Managing Director
Michael Allen	Executive Director
Gamini Colless	Non-Executive Director

Company Secretary

Ian Hobson

Results

The loss for the half-year after tax was \$10,207,000 (31 December 2021: \$3,891,000). The loss for the half-year has increased compared to the comparative period primarily driven by the land compensation payment and finance charges in respect of the Company's convertible notes during the period.

Information on Directors and Company Secretary

Directors

Donald Runge Non-Executive Chairman

Qualifications: B.E. Mining, MAusIMM

Experience: Mr Runge has over 40 years operational and project experience including industrial minerals where he managed the development of the Uley Graphite Project in South Australia. He has previously held Executive Management positions for Newcrest Mining Limited, including Manager for Ridgeway Underground Project Development and General Manager of Cracow Gold Mine. He has also managed a team of expats advising Philix Mining Corporation on development of their Silangan Au/Cu Project.

Special responsibilities: Chairman of the Operations, Safety and ESG Committee

Interests in shares: 4,498,287 ordinary shares

Interests in options: 500,000 options over unissued shares with an exercise price of \$1.00

Graham Howard Managing Director

Qualifications: BAppSc (Geology), FAusIMM

Experience: Mr Howard has significant corporate experience as Chief Executive Officer and Managing Director of ASX listed gold companies and critical mineral companies with major project experience including Telfer, Boddington (Newcrest) and Silangan Au/Cu Project (Philex/Silangan). Mr Howard has managed the development of VHM Limited since September 2016.

Special responsibilities: Member of the Operations, Safety and ESG Committee/ Member of the Finance, Audit and Risk Committee

Interests in shares: 4,515,515 ordinary shares

Interests in options: 2,156,230 zero exercise price options

Directors

Michael Allen	Executive Director
Qualifications:	BA Accounting, CA
Experience:	Mr Allen is a Chartered Accountant and experienced Chief Financial Officer with more than 30 years' experience in businesses such as KPMG, Walt Disney International, Opportunity International and Engineers Australia.
Special responsibilities:	None
Interests in shares:	2,255,102 ordinary shares
Interests in options:	None
Gamini Colless	Non-Executive Director
Qualifications:	BA, LLB
Experience:	Mr Colless has been practising as a solicitor for over 30 years and is highly experienced in the key areas of corporate finance, project finance, structured finance, major property and infrastructure projects.
Special responsibilities:	Chairman of the Nomination and Remuneration Committee/Member of the Finance, Audit and Risk Committee
Interests in shares:	918,831 ordinary shares
Interest in options:	500,000 options over unissued shares with an exercise price of \$1.00

Company Secretary

Ian Hobson	Company Secretary
Qualifications:	B.Bus FCA ACIS MAICD
Experience:	Mr Ian Hobson is a fellow chartered accountant and chartered secretary with 37 years' experience who acts as independent director and company secretary to ASX listed companies. Prior to commencing his own practice, Mr Hobson held senior positions with large international chartered accounting firms together with commercial experience in Australia, UK and Canada.

Principal Activities

During the financial half-year, the principal continuing activities of the consolidated entity consisted of exploration and pre-development activity in respect of the consolidated entity's exploration and retention licences situated in Victoria, Australia.

Review of Operations for Half-Year Ended 31 December 2022

During the period, the Company's activities were focused on its substantial acreage under retention and exploration licences in North Western Victoria, which contain the Company's material Ore Reserves and Mineral Resources.

The Company delivered the milestone Goschen Project Definitive Feasibility Study (DFS) in March 2022 which enabled the Company to undertake front end engineering and design studies (FEED), drilling program for product to support the FEED level metallurgical testwork, offtake samples and piloting testwork for the hydrometallurgy during the period.

Earth Resources Regulation (ERR) 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.

Front-End Engineering Design

The Company advanced Front-End Engineering Design (FEED) studies in Q4 2022. The FEED studies progressed specific key project aspects as an extension to the March 2022 DFS. This included the study work associated with the inclusion of the hot acid leach (HAL) circuit, updates to product loadout infrastructure, and revised design layout to enable the ability to implement a staged approach to the project delivery.

VHM has maintained continuity in the study development with the continued engagement of Mineral Technologies (MT) for the DFS and FEED phases.

The FEED optimisation study focuses on incorporating improvements to the design including:

- The addition of a Hot Acid Leach (HAL) circuit for further raw zircon product stream upgrade (Phase 2)
- Development and further improvement of the product loadout facility for the MSP plant (Phase 2)
- Site layout changes and internal road routes optimised based on modified traffic requirements and a staged project implementation of the future circuits
- Optimise interfacing between the WCP plant, REMC plant and future MSP plant (Phase 2) and future Hydromet Circuit (Phase 1A)
- Updates to the CAPEX and OPEX estimates to reflect the FEED optimisation scopes covered
- Tailings management pan and testwork was advanced with ATC Williams

Goschen Drilling Program

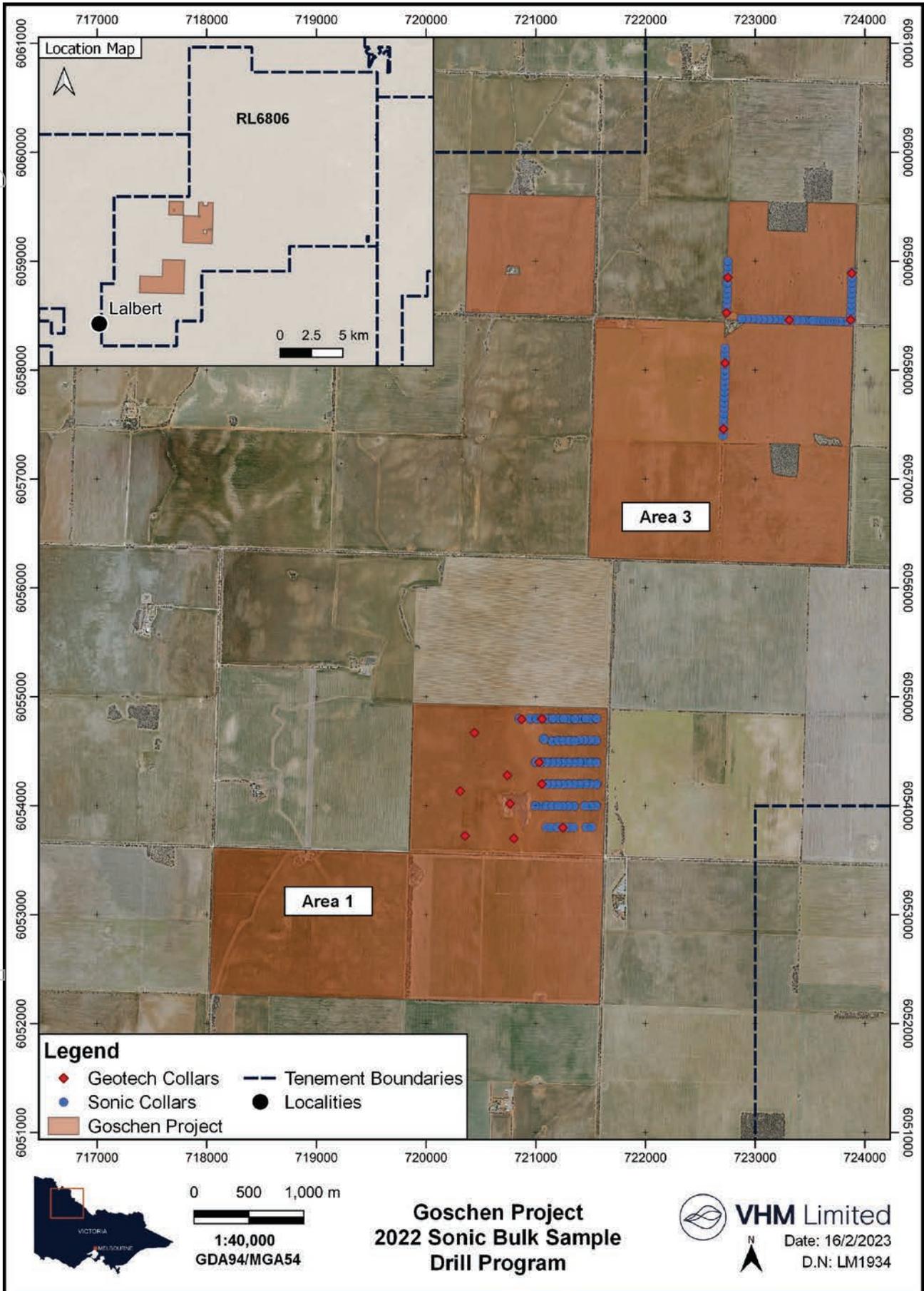
The Company completed a sonic drilling program as part of bulk sampling and a geotechnical drill program in H2 2022, within Area 1 and Area 3 (Figure 1). A total of 234 holes in Area 1 and 72 holes in Area 3 were drilled, totalling 8,854m.

The intent of the bulk sampling program was to generate sufficient rare earth mineral concentrate (REMC) for pilot testing to support the Hydromet Circuit process development while allowing validation of the Mineral Resource Estimate (MRE) grade, and metallurgical variability analysis and verification testwork for the FEED program.

The sonic drill program, drilled at a core diameter ranging between 152mm to 200mm, generated sufficient rare earth mineral concentrate (REMC) for pilot testing to support the Hydromet Circuit process development while validating the grade reported in the 2020 Mineral Resource Estimates (MRE). Data from the sonic program supported Area 1 MRE variability analysis and verification testwork for the FEED program.

The geotechnical diamond and sonic drill program provided material properties for future engineering design of the process plant civils, pit optimisation and mining planning. The geotechnical drill program in Area 1 was completed by sonic drill core, drilled at a core diameter of 200mm, while Area 3 Extended used a diamond drill rig, drilled using H23 core of 122mm, for the geotechnical testwork program.

Figure 1 Goschen Project 2022 Bulk Sample Drill Program



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Goschen 2022 bulk sample drill program.

The sonic bulk sampling program in Area 1 focused on the Proved classified Mineral Ore Reserve while targeting the proposed mining blocks within the initial 5-years of production. In Area 3 Extended, the sonic bulk sampling program targeted the pit optimisations from this study, which lies within the Probable classified Ore Reserve. All holes were geologically logged in addition to down-hole gamma, with geotechnical logging and analysis conducted on the selected geotechnical holes. Area 3 Extended holes utilised a portable XRF to further delineate the mineralised intervals for bulk sampling.

Goschen Exploration Program – Airborne Magnetic Survey

The Company engaged Modern Magnetics Pty Ltd to conduct a detailed aeromagnetic survey covering 32,282 km² of line flying, along 100m spaced, east – west oriented flight lines, with a sensor height of 30m on Exploration Licences (EL) EL6769, EL006915, EL006895, EL006923, EL006664 and EL006926 which cover portions of the Mildura, Yarriambiack, Buloke, Gannawarra and Swan Hill Shires.

The survey recorded the naturally occurring radiometric and total magnetic intensity values. The magnetic survey is designed to detect heavy mineral sands strand-style deposits (long and thin) and WIM style deposits (wide and flat sheets). The radiometrics will be useful in mapping the granites in the district.

The survey will assist the Company in identifying potential, high-economic value, targets for on-ground mineral sands exploration drilling programs across its tenement packages for the near and intermediate future.

Goschen Exploration Target 2022 (GET 2022)

During the reporting period, the Company undertook a review of the 2017 Goschen North Inferred Mineral Resource Estimate. Based on this review work, the Competent Persons made the decision to reclassify the Inferred classification to an Exploration Target, now known as the Goschen Exploration Target (GET) 2022. As a result, there was a reduction compared to the Company's Mineral Resources inventory to 628.7Mt (Table 4)¹.

Hydromet Circuit – Goschen Project Phase 1A

The Company commissioned GPA Engineering to complete a Hydromet Validation Study for the hydrometallurgical plant for Phase 1A of the Goschen Project. This is part of the study development pathway for the Hydromet Circuit and precedes the Hydromet Engineering Study and testwork program.

This additional processing step provides significant economic upgrade, based on current and projected product market value and demand. The economic upgrade relates to the further processing to produce concentrations of high-value neodymium, praseodymium, and dysprosium as a combined mixed rare earth carbonate (MREC) from the rare earth mineral concentrate (REMC).

Historical (2019) engineering study and metallurgical testwork already completed, as well as early process simulation/modelling work completed 2022, support the addition of the hydromet circuit into the overall Goschen Project. Previous studies by ANSTO had selected the sulphate bake based hydrometallurgical processing route.

Key scopes completed from the hydromet process design definition include:

- SysCAD modelling (software based metallurgical design) for core processing circuits
- Reagent and chemical consumption demand forecast and attributable operating costs
- Market investigation and evaluation for key process equipment items
- Capital cost estimate updates in line with the progressed design
- Foundation deliverables such as process design criteria, block flow diagrams

The Company will commence pilot plant testwork in Q1 2023 with ANSTO, the results of which will inform a future engineering study scheduled thereafter. Piloting will give VHM detailed engineering solutions, the ability to order long-lead items for the Hydromet Circuit and provide product offtake for marketing.

Acquisition of Kerang Warehouse Facility

The Company entered into a contract of sale on or about 29 July 2022, pursuant to which the Company acquired a property located in Kerang, Victoria for a total consideration of \$1.2 million (plus GST).

Land Compensation Agreement – Goschen Project

The Company entered into a Compensation Deed dated 19 August 2022 concerning approximately 2,500 acres of land which comprises a portion of the area required for the proposed operation of the Goschen mine. Details of the land compensation agreement can be found in Note 6 to the financial statements.

Land Acquisition Agreements – Goschen Project

The Company entered into three land acquisition agreements with regional landowners to purchase the freehold title to all, or the majority of, freehold land within the operational footprint of the Goschen Project. Details of the land acquisition payments can be found in Note 12 to the financial statements.

Research & Development Claims

The Company successfully claimed \$4,441,000 in tax offsets during the half-year in respect of its exploration activities that qualified as research and development.

Goschen Licensing and Approvals

VHM submitted a referral for environmental assessment under the *Environment Effects Act 1978* (EE Act) to the then Victorian Department of Environment, Land, Water and Planning (now Department of Transport and Planning) on 31 August 2018. On 10 October 2018, the Victorian Minister for Planning confirmed that an Environment Effect Statement (EES) would be required, with scoping requirements to inform the preparation of the EES issued in May 2019.

Since the scoping requirements were released in 2019, the Project has been refined to provide a clearer definition of the on-site operations and to avoid/minimise a range of potential environmental and social impacts. Several key refinements include:

- availability of surface water supply
- no mining below the groundwater table
- no above ground tailing storage facility
- less than 15 hectares (ha) of vegetation clearance across the mine

All site surveys and environmental assessments relating to the EES submission have been completed. VHM plans to progress the EES submission to the public exhibition phase in the first half of 2023.

Goschen Community

VHM is committed to seeking and maintaining a social licence to operate through all stages of the 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.

VHM is implementing the community and stakeholder engagement plan which demonstrates their commitment to establishing long-term, beneficial stakeholder and community relationships: Key actions include:

- key stakeholder briefings
- individual meetings
- community information and feedback sessions
- community updates and advertisements
- fact sheets, websites, emails, letters, and information displays

Environmental, Social and Corporate Governance

Consistent with the Company's Environment, Social and Governance (ESG) focus, over 50 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.

The mine footprint has been restricted to avoid intersection with groundwater and significant areas of remnant native vegetation. The design of water supply, power supply and transport logistics have been completed, with project approvals currently at the EES stage and public exhibition planned for H1 2023.

Principal Office – Collins Street, Melbourne

The Company established its principal office in Melbourne.

Ore Reserves and Mineral Resources

Ore Reserves

The Company's total Ore Reserves during the reporting period remained unchanged at 198.7Mt (Proven and Probable) (Table 2). Work undertaken during the period focused on development of a subset of this total Ore Reserves to underpin the Goschen Project DFS, and to align with the Goschen Project footprint for obtaining development approval. The Goschen Project DFS Ore Reserves totals 98.8Mt (Proven and Probable) (Table 3), which supports a 20 year mine life with a process plant throughput rate of 5Mtpa¹.

Table 2: 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	174.2	3.5	21.0	9.6	8.2	25.8	3.5	0.6
Total	198.7	3.7	21.7	9.7	8.2	25.7	3.5	0.6

Table 3: 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

Mineral Resources

In the final quarter of the 2022 financial year, the Company completed a review of the 2017 Mineral Resource Estimate (MRE). The review resulted in a change in the mineral resource inventory between 2021 to 2022 and release of the Goschen Exploration Target (Table 4).

Table 4: Company Mineral Resources

Mineral Resource Category	Material (Mt)	Total Heavy Mineral (THM) (%)	THM Assemblage					
			Zircon (%)	Rutile (%)	Leucoxene (%)	Ilmenite (%)	Monazite (%)	Xenotime (%)
Measured	30.7 ¹	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	287.7	2.32	17.2	8.7	7.5	22.7	2.9	0.5
	628.7	2.92	20.2	9.6	8.2	24.1	3.3	0.6

Both the Mineral Resources and Ore Reserves have been independently reviewed as part of the preparation of the independent technical assessment report included in the Company's 2022 prospectus¹.

¹ See Prospectus dated 21 November 2022 as supplemented by the supplementary prospectus dated 5 December 2022, lodged with ASX on 5 January 2023 (Prospectus).

Share Capital

During the period, 35,069,753 shares were issued upon the conversion of 3,553 Convertible Notes at a face value of \$10,000 per note. 640,000 shares were also issued on exercise of unlisted options, resulting in a total of 174,851,026 ordinary shares on issue as at 31 December 2022.

Events Subsequent to Reporting Date

On 9 January 2023, VHM commenced trading on the Australian Securities Exchange (ASX) and successfully completed the Initial Public Offer ("IPO") of 22.22 million fully paid ordinary shares at an issue price of \$1.35 each to raise gross proceeds of \$30 million (before costs).

On 1 February 2023, VHM resolved to allot 3,127,186 unlisted options (1,563,593 exercisable at \$1.89 per share and 1,563,593 exercisable at \$2.16 per share). These options were allotted to CG Nominees (Australia) Pty Ltd (Canaccord) who were provided brokerage services in relation to the Company's IPO.

As noted in Note 22, a one-off land acquisition adjustment payment of approximately \$4.1 million was determined based on an independent valuation and is payable within 12 months (subject to negotiation).

Other than as noted above and elsewhere in this report, 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, other than as set out in this report.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the financial statements. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated.

Compliance Statement

The information in this presentation that relates to the Goshen Exploration Target, DFS & FEED studies and the JORC estimates of Mineral Resources and Ore Reserves was first reported in the Prospectus dated 21 November 2022 as supplemented by the supplementary prospectus dated 5 December 2022, lodged with ASX on 5 January 2023. The Company confirms that it is not aware of any new information or data that materially affects the information in relevant market announcements and in the case of estimates of Mineral Resource and Ore Reserve previously reported, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified.

Other Transactions with Key Management Personnel

HWL Ebsworth Lawyers, a law firm of which non-executive director Mr Colless is a partner, has provided legal services to the Company, including advice on matters relating to the initial public offering of VHM Limited, material service and land purchase contracts, remuneration and employment agreements, corporate restructure and taxation. Total fees of \$430,945 were paid or were payable to HWL Ebsworth for the financial half-year ended 31 December 2022. Transactions between HWL Ebsworth and the Company are on normal commercial terms and conditions unless otherwise stated.

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*.



Graham Howard
Managing Director
Perth, Western Australia
15 March 2023

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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 2022, 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
15 March 2023



L Di Giallonardo
Partner

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VHM Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	Consolidated	
		Half-year 2022 \$'000	Half-year 2021 \$'000
Revenue			
Interest income		39	1
Other income		45	5
		84	6
Expenditure			
Corporate and administrative expense	2	(2,665)	(1,460)
Land compensation	6	(2,002)	-
Depreciation expense		(71)	(58)
Employee benefits expense		(1,292)	(1,174)
Finance costs	3	(4,010)	(791)
Share based payment expense	18	(251)	(414)
		(10,291)	(3,897)
Loss before income tax		(10,207)	(3,891)
Income tax expense		-	-
Loss after income tax for the half-year		(10,207)	(3,891)
Other comprehensive (loss)		-	-
Total comprehensive (loss) for the half-year		(10,207)	(3,891)
Loss per Share			
Basic loss per share (dollar per share)		(0.07)	(0.03)
Diluted loss per share (dollar per share)		(0.07)	(0.03)

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 2022

	Notes	Consolidated	
		31 December 2022 \$'000	30 June 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	7,370	24,366
Other assets	5	1,576	919
Total current assets		8,946	25,285
Non-current assets			
Term deposit		223	-
Rehabilitation bond		20	20
Loans and advances	7	388	-
Deferred exploration and evaluation expenditure	8	29,051	27,217
Property, plant and equipment	9	12,038	10,733
Right-of-use assets	10	1,135	5
Total non-current assets		42,855	37,975
Total assets		51,801	63,260
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,693	3,636
Land acquisition liabilities	12	1,121	1,046
Lease liabilities	14	241	-
Convertible notes liability	15	-	349
Provisions	16	437	395
Total current liabilities		3,492	5,426
Non-current liabilities			
Land acquisition liabilities	12	5,860	6,416
Lease liabilities	14	899	-
Convertible notes liability	15	-	34,073
Total non-current liabilities		6,759	40,489
Total liabilities		10,251	45,915
Net assets		41,550	17,345
EQUITY			
Issued capital	17	75,312	41,287
Reserves	19	6,025	5,638
Accumulated losses		(39,787)	(29,580)
Total equity		41,550	17,345

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 2022

Consolidated	Issued capital \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	40,193	4,940	(20,849)	24,284
Loss for the half-year	-	-	(3,891)	(3,891)
Total comprehensive loss for the half-year	-	-	(3,891)	(3,891)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the half-year – net	984	-	-	984
Share based payments recognised	-	166	-	166
Balance at 31 December 2021	41,177	5,106	(24,740)	21,543

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

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 2022

	Consolidated	
	Half-year 2022 \$'000	Half-year 2021 \$'000
Cash flows from operating activities		
Interest received	39	1
Payments to suppliers and employees	(6,979)	(2,609)
Net cash outflows from operating activities	(6,940)	(2,608)
Cash flows from investing activities		
Bank term deposit	(223)	-
Payments for exploration and evaluation expenditure	(10,188)	(4,826)
Purchase of property, plant and equipment	(1,347)	(4)
Advances to VP Minerals	(343)	-
Proceeds from sale of property, plant and equipment	-	14
Repayments of land acquisition liabilities	(500)	(438)
Research and development tax offset	4,441	3,044
Net cash outflows from investing activities	(8,160)	(2,210)
Cash flows from financing activities		
Proceeds on exercise of options	189	-
Payment of lease liabilities	(19)	(40)
Proceeds from borrowings	3,480	99
Repayment of borrowings	(3,480)	(622)
Interest and finance cost paid	(2,066)	(644)
Net cash outflows from financing activities	(1,896)	(1,207)
Net decrease in cash and cash equivalents	(16,996)	(6,025)
Cash and cash equivalents at the beginning of financial half-year	24,366	10,874
Cash and cash equivalents at the end of financial half-year	7,370	4,849

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

Note 1: Statement of Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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 and GPF Land Holdings Pty Ltd. During the half-year, a former wholly owned subsidiary, VP Minerals Limited, was demerged as detailed in Note 8.

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 \$10,207,000 (31 December 2021: \$3,891,000) for the half-year. At balance date, the Group had net assets of \$41,550,000 (30 June 2022: 17,345,000) which included cash and cash equivalents of \$7,370,000 (30 June 2022: \$24,366,000) and a working capital surplus of \$5,454,000 (30 June 2022: \$19,859,000).

Based on the working capital surplus at balance date and the additional capital raised via the IPO process, which was concluded on 9 January 2023, the Directors believe that the assumption of going concern is valid in the preparation of these financial statements.

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 2022.

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.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 2: Corporate and Administrative Expense

	Consolidated	
	Half-year 2022 \$'000	Half-year 2021 \$'000
Professional fees	1,708	785
Legal fees	88	235
Audit fees	87	86
Other corporate and administrative expenses	782	354
	2,665	1,460

Note 3: Finance Costs

	Consolidated	
	Half-year 2022 \$'000	Half-year 2021 \$'000
Unwind of convertible note issue costs	1,810	66
Interest on convertible notes	1,709	186
Interest on land acquisitions	441	500
Interest on other borrowings	44	34
Interest on lease liabilities	6	5
	4,010	791

Note 4: Cash and Cash Equivalents

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Cash at bank	7,369	24,365
Petty cash	1	1
	7,370	24,366

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 5: Other Assets

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Prepayments – IPO ¹	1,239	302
Prepayments – Insurance	229	67
Prepayments – Other	23	7
GST receivable	19	532
Cash collateralised bank guarantees	66	11
	1,576	919

¹ Costs in relation to the IPO were either allocated against capital raised or expensed on the successful completion of the IPO in January 2023.

Note 6: Land Compensation

	Consolidated	
	Half-year 2022 \$'000	Half-year 2021 \$'000
Land Compensation	2,002	-
	2,002	-

The Company entered into a Compensation Deed dated 19 August 2022 concerning approximately 2,500 acres of land which comprises a portion of the area required for the proposed operation of the Goschen mine. Compensation amounting to \$2 million was paid to the landowner.

As noted in the Company's Prospectus dated 21 November 2022, the Company will pay the landowner \$150 per acre per annum from the date the operational period of the mine commences, amounting to an aggregate total of approximately \$368,667 per annum. The Company will also pay the landowner \$12,500 per annum towards travel expenses.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 7: Related Party Transactions

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Loan to VP Minerals	388	-
	388	-

Under the terms of the Intercompany Agreement and Loan Facility Agreement between the Company and its former subsidiary, VP Minerals Limited, certain services were provided and third-party costs were incurred by VHM Limited. Such amounts were credited under the terms of the Loan Facility Agreement. At balance date, the loan receivable includes services charged to VP Minerals amounting to \$45,000 that have been identified in the Statement of Profit or Loss and Other Comprehensive Income as Other Income.

HWL Ebsworth Lawyers, a law firm of which non-executive director Mr Colless is a partner, has provided legal services to the Company, including advice on matters relating to the initial public offering of VHM Limited, material service and land purchase contracts, remuneration and employment agreements, corporate restructure and taxation. Total fees of \$430,945 were paid or were payable to HWL Ebsworth for the financial half-year ended 31 December 2022. Transactions between HWL Ebsworth and the Company are on normal commercial terms and conditions unless otherwise stated.

Note 8: Deferred Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost	29,051	27,217
	29,051	27,217

Movement in carrying amounts

	Consolidated	
	6 months to 31 December 2022 \$'000	Year to 30 June 2022 \$'000
Opening balance	27,217	17,024
Exploration expenditure incurred (including share based payment expense)	8,146	13,236
Eligible exploration expenditure tax offset rebate	(4,441)	(3,043)
Sale of licences to VP Minerals Limited ¹	(1,871)	-
	29,051	27,217

Note 8: Deferred Exploration and Evaluation Expenditure (continued)

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 \$312,000 (June 2022: \$1,054,000) for options issued to employees directly engaged in exploration activities.

¹ In accordance with the agreement signed on 18 July 2022, four exploration licenses – EL6895, EL6923, EL6926 and EL6915 were transferred to VP Minerals Limited, a wholly-owned subsidiary of the Company. An agreed consideration of \$1,871,000 was payable of which \$1,400,000 was the base consideration payable in shares, together with the aggregate amount of expenditure incurred by VHM from 1 January 2022 to the completion date. The demerger of VP Minerals was completed in August 2022, via the in-specie distribution of shares in VP Minerals to VHM shareholders.

Note 9: Property, Plant and Equipment

31 December 2022	Land Acquisition under Contract \$'000	Warehouse \$'000	Property and equipment \$'000	Fixtures and fittings \$'000	Motor Vehicles \$'000	Low Value Pool \$'000	Total \$'000
Carrying amount – at cost	10,307	1,280	360	25	291	7	12,270
Accumulated depreciation	-	(7)	(157)	(24)	(43)	(1)	(232)
	10,307	1,273	203	1	248	6	12,038
Reconciliation							
Opening balance – 1 July 2022	10,307	-	157	2	267	-	10,733
Additions	-	1,280	60	-	-	7	1,347
Disposals	-	-	-	-	-	-	-
Depreciation	-	(7)	(14)	(1)	(19)	(1)	(42)
Closing balance – 31 December 2022	10,307	1,273	203	1	248	6	12,038

Note 9: Property, Plant and Equipment (continued)

30 June 2022	Land Acquisition under Contract \$'000	Warehouse \$'000	Property and equipment \$'000	Fixtures and fittings \$'000	Motor Vehicles \$'000	Low Value Pool \$'000	Total \$'000
Carrying amount – at cost	10,307	-	299	25	291	-	10,922
Accumulated depreciation	-	-	(142)	(23)	(24)	-	(189)
	10,307	-	157	2	267	-	10,733
Reconciliation							
Opening balance – 1 July 2022	10,307	-	39	79	97	-	10,522
Additions	-	-	161	7	191	-	359
Disposals	-	-	(10)	(73)	-	-	(83)
Depreciation	-	-	(33)	(11)	(21)	-	(65)
Closing balance – 30 June 2022	10,307	-	157	2	267	-	10,733

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 10: Right-of-use Assets

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Carrying value:		
At cost	270	270
Additions	1,159	-
Accumulated depreciation	(294)	(265)
	1,135	5

	6 months to	Year to
	31 December 2022 \$'000	30 June 2022 \$'000
Reconciliation:		
Opening balance	5	67
Additions	1,159	-
Depreciation	(29)	(62)
	1,135	5

The Group's Right-of-Use assets comprise operating leases for office premises (refer to Note 14).

Note 11: Trade and Other Payables

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Trade creditors	583	2,785
Other creditors and accrued expenses	1,110	851
	1,693	3,636

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 2022

Note 12: Land Acquisition Liabilities

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Carrying value:		
Current liabilities	1,121	1,046
Non-current liabilities	5,860	6,416
	6,981	7,462
	6 months to 31 December 2022 \$'000	Year to 30 June 2022 \$'000
Reconciliation:		
Opening balance	7,462	8,326
Plus: Interest expense	441	972
Less: Repayments	(922)	(1,836)
Closing balance at the end of the period	6,981	7,462

Key terms of the acquisition contracts are detailed in the below table:

Contract	No.1	No.2	No.3
Purchase Price	\$6,550,000	\$2,819,229	\$1,416,403
Deposit paid	\$550,000	\$510,000	\$260,000
Balance	\$6,000,000	\$2,309,229	\$1,156,403
Terms	Monthly instalment commencing January 2021 and ending December 2025	Monthly instalment commencing December 2020 and ending December 2030	Monthly instalment commencing December 2020 and ending December 2030
Total cash instalments over period of purchase contract	\$6,000,000	\$4,774,152	\$2,390,773
Discount rate per annum ¹	12%	12%	12%
Tenure	5 years	10 years	10 years
Notes	(a), (b)	(c), (d)	(d), (e)

¹ The discount rate has been used to estimate liabilities on a net present value basis.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 12: Land Acquisition Liabilities (continued)

Other key terms and conditions of the contracts:

- If within 3 years after settlement GPB Land Holdings Pty Ltd acquires land from a third party within 10km of the land under Contract No.1 above a specified threshold amount, it must pay the contract No.1 vendor a price differential.
- If GPB Land Holdings Pty Ltd determines to dispose the land under contract No.1 after settlement, it must first offer it back to the vendor for the nominal amount of \$1.
- GPF Land Holdings Pty Ltd can effect early settlement by giving 9 months notice, but in that case a minimum of \$3,394,301 (inclusive of all preceding monthly instalments) is payable at settlement with that settlement amount rising to \$4,774,152 (inclusive of all preceding monthly instalments) as settlement approaches December 2030.
- A one-off adjustment payment will be payable by GPF Land Holdings Pty Ltd to reflect movement in land values from the initial date of the rescinded contract to February 2023 with such movement to be calculated by an independent valuer, see Note 22.
- GPF Land Holdings Pty Ltd can effect early settlement by giving 9 months notice, but in that case a minimum of \$1,699,779 (inclusive of all preceding monthly instalments) is payable at settlement with that settlement amount rising to \$2,390,773 (inclusive of all preceding monthly instalments) as settlement approaches December 2030.

Note 13: Borrowings

On 19 October 2022, Radium Capital provided a loan of \$3,480,000 to the Company in respect of eligible R&D expenditure. The loan was repaid on 21 November 2022.

Note 14: Lease Liabilities

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current liabilities	241	-
Non-current liabilities	899	-
	1,140	-

Reconciliation:	6 months to 31 December 2022 \$'000	Year to 30 June 2022 \$'000
	Opening balance	-
Additions during the half-year	1,159	-
Interest	6	4
Principal repayments	(25)	(80)
Closing balance	1,140	-

The Group entered into one lease during the half-year in December 2022 for the Melbourne office. The lease is expiring in November 2026.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 15: Convertible Notes Liability

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Convertible notes – face value	-	349
Interest capitalised	-	9
Convertible notes – issue costs	-	(9)
Carrying value at period end	-	349

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Non-Current		
Convertible notes – face value	-	35,180
Interest capitalised	-	693
Convertible notes – issue costs	-	(1,800)
Carrying value at period end	-	34,073

In December 2022, 35,069,753 shares were issued upon the conversion of the Convertible Notes, with 34,745,679 of these shares being issued at a price of \$1.0125 per share and 324,074 at \$1.08.

	6 months to 31 December 2022 \$'000	Year to 30 June 2022 \$'000
Reconciliation:		
Opening balance	34,422	3,532
Issue of notes	-	31,840
Interest capitalised	1,108	629
Unamortised issue costs	-	(1,579)
Conversion to shares	(35,530)	-
Closing balance	-	34,422

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 15: Convertible Notes Liability (continued)

The table below provides summary of all the convertible notes before conversion:

Security Class	2021 Convertible Notes	2022 Convertible Notes T1	2023 Convertible Notes T2
Number of securities	35	1,839	1,679
Face value (\$)	10,000	10,000	10,000
Issue date	29/03/2021	15/03/2022	12/05/2022
Maturity Date	31/03/2023	31/01/2024	31/01/2024
Conversion right	convertible at the election of the issuer	convertible at the election of the issuer	convertible at the election of the issuer
Conversion price	20% discount to the Offer Price	20% discount to the Offer Price if Conversion occurred prior to 30 June 2022; 25% discount to the Offer Price if Conversion occurs prior to 31 December 2022, otherwise 30% discount if Conversion occurs prior to Maturity Date	20% discount to the Offer Price if Conversion occurred prior to 30 June 2022; 25% discount to the Offer Price if Conversion occurs prior to 31 December 2022, otherwise 30% discount if Conversion occurs prior to Maturity Date
Redemption at maturity	In the event conversion does not occur prior to Maturity Date, 110% of the face value of the notes	In the event conversion does not occur prior to Maturity Date, 110% of the face value of the notes	In the event conversion does not occur prior to Maturity Date, 110% of the face value of the notes

Note 16: Provisions

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Employees benefits (annual leave)	437	395
	437	395

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VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 17: Issued Capital

(a) Issued Capital

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

(b) Ordinary Shares

	Consolidated		Consolidated	
	31 December 2022 Number	30 June 2022 Number	31 December 2022 \$	30 June 2022 \$
Ordinary shares – fully paid	174,851,026	139,141,273	75,311,504	41,287,027

31 December 2022: Movement in ordinary shares

	Date	Shares	Issue Price (\$)	\$
Balance	1 July 2022	139,141,273		41,287,027
Capital reduction due to in-specie distribution of shares in VP Minerals ¹	17 August 2022	-	-	(1,870,869)
Shares issued upon exercise of adviser options	23 August 2022	320,000	0.22	69,710
Shares issued upon exercise of adviser 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 (net of costs)	23 December 2022	35,069,753	1.01	35,530,000
		174,851,026		75,311,504

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

30 June 2022: Movement in ordinary shares

	Date	Shares	Issue Price (\$)	\$
Balance	1 July 2021	137,107,627		40,193,238
Shares upon exercise of options	23 August 2021	432,440	1.05	454,061
Shares upon exercise of options	23 August 2021	1,344,000	0.38	503,999
Shares upon exercise of options	23 August 2021	74,375	0.35	26,030
Shares issued in lieu of salary	7 June 2022	182,831	0.60	109,699
		139,141,273		41,287,027

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 17: Issued Capital (continued)

(c) Options

6 months to 31 December 2022	Opening balance	Issued	Exercised	Lapsed/ Cancelled	Closing balance
Zero Exercise Price Options (ZEPOs)	11,405,811	-	-	-	11,405,811
Adviser options	640,000	-	(640,000)	-	-
	12,045,811	-	(640,000)	-	11,405,811

Year to 30 June 2022	Opening balance	Issued	Exercised	Lapsed/ Cancelled	Closing balance
Zero Exercise Price Options (ZEPOs)	7,932,806	5,159,142	(1,850,815)	164,678	11,405,811
Advisor options	640,000	-	-	-	640,000
	8,572,806	5,159,142	(1,850,815)	164,678	12,045,811

Note 18: Share Based Payments

Incentive Option Plan

The Company 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 during the half-year when the Company adopted a new plan as set out in the prospectus.

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 2022 \$	Half-year 2021 \$
Expensed in Consolidated Statement of Profit or Loss and Other Comprehensive Income including shares issued in lieu of fees	251,112	414,269
Capitalised to Deferred Exploration and Evaluation Expenditure (Note 8)	311,546	736,061
	562,658	1,150,330

Note 18: 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 2022	
	Number of Options	Weighted average exercise price (\$)
Outstanding at the beginning of the period	12,045,811	0.0988
Granted during the half-year	-	-
Exercised during the half-year	(640,000)	0.2956
Lapsed during the half-year	-	-
Outstanding at the end of the period	11,405,811	0.0877

	Year to 30 June 2022	
	Number of Options	Weighted average exercise price (\$)
Outstanding at the beginning of the period	8,572,806	0.0219
Granted during the period	5,159,142	0.1938
Exercised during the period	(1,850,815)	-
Lapsed during the period	164,678	-
Outstanding at the end of the period	12,045,811	0.0988

There were no options issued during the half-year to 31 December 2022.

Note 19: Share Based Payment Reserve

	Consolidated	
	6 months to 31 December 2022 \$	Year to 30 June 2022 \$
Balance at beginning of period	5,638,150	4,940,923
Value of share based payments capitalised to Deferred Exploration and Evaluation Expenditure	311,546	1,054,253
Value of share based payments expensed	251,112	1,045,797
Transfer to accumulated losses	-	(418,733)
Transfer to issued capital (options exercised during current period)	(176,134)	(984,090)
Balance at end of period	6,024,674	5,638,150

Note 20: 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 21: 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 22: Commitments And Contingent Liabilities

Exploration commitments

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing.

This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement or may seek exemptions from the relevant authority.

Expenditure commitments at the reporting date but not recognised as liabilities are as follows:

	31 December 2022 \$'000	30 June 2022 \$'000
Within one year	2,114	2,349
Later than one year but not later than five years	-	3,587
Later than five years	-	-
Total	2,114	5,936

Commitment for land purchase acquisition adjustment

As noted in Note 12, certain land acquisition contracts contain clauses requiring the Company to pay the vendors a one-off adjustment amount to reflect the movement in land values from the initial contract date to February 2023 based on a valuation by an independent valuer. This amount has been determined to be up to \$4.1 million and is payable within 12 months (subject to negotiation).

Contingent liabilities

A liability for payroll tax will arise in respect of certain of the Company's employee options issued in prior financial years on the exercise of those employee options. The Company's present estimate of the potential liability is approximately \$51,000. This has reduced significantly to the amount previously disclosed due to the number of share options exercised during the half-year and subsequent to balance date. The payroll tax in relation to the shares exercised subsequent to balance date is approximately \$102,000. The extent and timing of any liability will be dependent on the Company's share price as at the time of exercise of the employee options.

Certain contingent liabilities have resulted from land acquisition contracts as detailed in Note 12 and pertaining to land compensation as detailed in Note 6.

VHM Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

Note 23: Events Subsequent To Reporting Date

On 9 January 2023, VHM commenced trading on the Australian Securities Exchange (ASX) and successfully completed the Initial Public Offer ("IPO") of 22.22 million fully paid ordinary shares at an issue price of \$1.35 each to raise gross proceeds of \$30 million (before costs).

On 1 February 2023, VHM resolved to allot 3,127,186 unlisted options (1,563,593 exercisable at \$1.89 per share and 1,563,593 exercisable at \$2.16 per share). These options were allotted to CG Nominees (Australia) Pty Ltd (Canaccord) who were provided brokerage services in relation to the Company's IPO.

As noted in Note 22, a one-off land acquisition adjustment payment of up to \$4.1 million was determined based on an independent valuation and is payable within 12 months (subject to negotiation).

Other than as noted above and elsewhere in this report, 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.

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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 2022 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



Graham Howard
Managing Director

Perth, Western Australia

15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of VHM Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VHM Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 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 2022 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

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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 2022 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
15 March 2023



L Di Giallonardo
Partner

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VHM Limited

Suite 8, 110 Hay Street
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