

ASX Release

31 January 2024

VHM Signs Binding Offtake Agreement

Key Highlights:

- VHM and Shenghe finalise offtake negotiations for Goschen Project's Phase 1 products: a valuable rare earth mineral concentrate (REMC) and a high-grade zircon-titania heavy mineral concentrate (HMC).
- Agreement with a world leading rare earths and mineral sands processor confirms the quality of the Goschen products.
- This commercial milestone advances the Company towards Goschen Financial Investment Decision.

VHM Limited ("VHM" or the "Company") is pleased to announce that it has completed a binding offtake agreement with Shenghe Resources (Singapore) Pte. Ltd (Shenghe) for its flagship Goschen Rare Earth and Mineral Sands Project (Goschen) Phase 1 products.

The binding offtake is for 6,400 tonnes per annum of REMC and 100,000 tonnes zircon-titania HMC products (each approximately 60% of forecast production per annum) from the Goschen Project, for an initial three-year term. The material terms are set out on page 3.

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)¹; and a zircon-titania HMC comprising high-grade zircon, rutile, leucoxene, and ilmenite).

VHM Chief Executive Officer, Ron Douglas said:

"Shenghe is a globally recognised rare earths and mineral sands processor. This agreement between VHM and Shenghe is a strong endorsement of the world-class rare earths and mineral sands resource, and the strategic value of the Goschen Project."

"A binding offtake arrangement for first production provides a favourable influence on the bankability for the Project, and further distinguishes the staged development approach of the Goschen Project as a viable, de-risked, low capital intensity project."

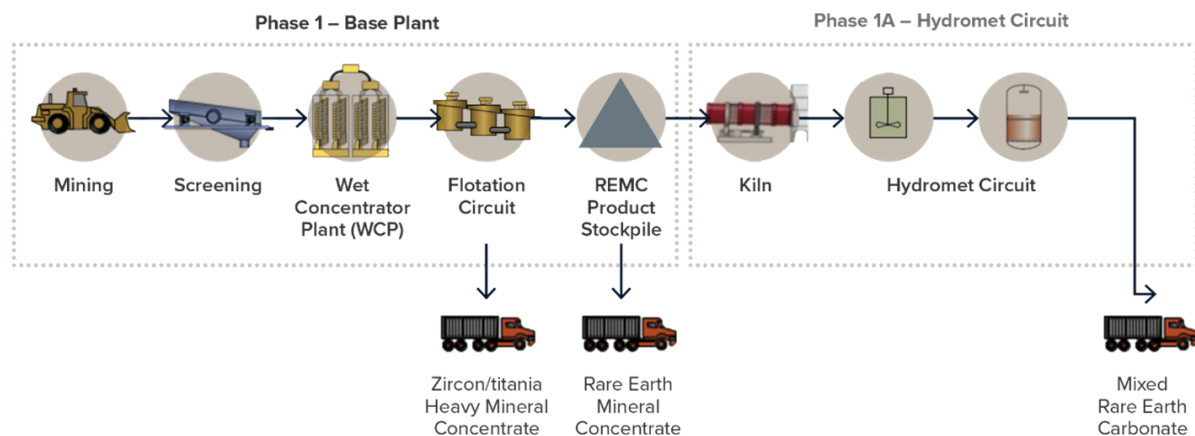
Note: (1) ASX release 28 March 2023

The value of the remaining 40% production during the first three-years will be maximised through spot sales and other commercial arrangements. This offtake strategy will continue to globally diversify sources of rare earths and mineral sands feedstock.

In addition, VHM is committed to developing a hydromet circuit to produce a mixed rare earth carbonate (MREC), as part of the staged development approach described in the Goschen Definitive Feasibility Study as Phase 1A². 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.

This offtake agreement between VHM and Shenghe may include, but does not prescribe, inclusion of the Goschen MREC product (Phase 1A). MREC offtake negotiations are subject to a separate process. Discussions have commenced with potential buyers and strategic European, North American, and Japanese parties, following the successful pilot scale testwork which produced a sample product containing exceptional recoveries of 97% neodymium–praseodymium, 92% dysprosium and 94% terbium³.

The Goschen Project staged development and production flowsheet is illustrated below:



Notes: (2) ASX release 28 March 2023

(3) ASX release 6 June 2023

Binding Offtake Agreement

The key terms of the binding offtake agreement between VHM and Shenghe are as follows:

Products:	HMC: 60% of production up to 100,000 tpa REMC: 60% of production up to 6,400 tpa
Take or Pay:	Shenghe obligated to purchase 100% of product tonnage Commences when VHM achieves 90% of plant nameplate capacity
Pricing:	HMC: floating price based on publicly available zircon index (Ruidow's CIF China Iluka Premium Zircon Price) REMC: floating price based on publicly available Monazite pricing (FerroAlloyNet's published average China spot monazite price)
Term:	Three-years from the completion of the ramp up period
Termination:	By agreement or due to material breach by either party
Conditions Precedent:	In favour of VHM covering: ▪ Goschen Project Phase 1 – Final Investment Decision ▪ Ministerial & Regulatory Approvals

The agreement is subject to customary conditions precedent and other conditions which are standard for this type of agreement.

Compliance Statement

The Company confirms that it is not aware of any new information or data that materially affects the results of exploration referenced in the above-mentioned market announcements.

ENDS

This announcement has been approved by the Board of VHM.

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About Shenghe (600392:SHH)

<http://en.shengheholding.com>

Shenghe Resources (Singapore) Pte Ltd is a wholly owned subsidiary of global rare earths company Shenghe Resources Holding Co Ltd.

Shenge is listed on the Shanghai Stock Exchange and has a market capitalisation of approximately US\$3.1 billion. Shenghe is the largest importer of rare earth concentrate into China and its operations span rare earth mining, beneficiation, refining, trading and alloy and metals production.

About VHM Limited (ASX: VHM)

<https://www.vhmltd.com.au>

VHM's flagship Goschen Project is located in the Loddon-Mallee Region of North West Victoria and presents a compelling low-cost mine operation for high-grade rare earths and zircon-titania products. Goschen's dual commodity mix is an attractive economic opportunity to contribute to Australia's supply and trade position in the global critical minerals markets.

Approximately 70% of Goschen's revenue will come from rare earth products including neodymium, praseodymium, dysprosium, and terbium, which are critical for manufacturing electric vehicles, energy efficiency and technology.