

17 June 2024

Goschen Project Capex Update

Highlights

- **Optimisation review has resulted in a capex reduction** for Phase 1 of the Goschen Rare Earths and Mineral Sands Project defined in the DFS Refresh of **30% from A\$483 million to A\$337 million**.
- **EPCM contractor engagement** process has commenced with shortlisting of contractors expected to conclude in H2 2024.
- **Conclusion of the Inquiry and Advisory Committee Public Hearing** on 30 April 2024 marks a significant milestone and **advancement towards a ministerial decision for the Goschen Project**.

VHM Limited ("VHM" or the "Company") is pleased to provide an update on the capital cost estimates (capex) for Phase 1 (Base Plant) of the Goschen Rare Earths and Mineral Sands Project (Goschen or the Project).

Goschen Phase 1 consists of a 5 Million tonnes per annum (Mtpa) throughput mine to produce two concentrate products comprising a high-value rare earth mineral concentrate containing neodymium, praseodymium, dysprosium and terbium, and a zircon-titania heavy mineral concentrate.

Updated Capital Cost Estimates

Capital costs for the Project were reviewed in conjunction with the completion of initial detailed engineering design for the Base Plant, early contractor involvement in key offsite infrastructure, and selection of a mining services partner¹. Major cost reductions were seen in civil works, road and pipeline construction.

The Company now estimates that the Project capital cost (including capitalised pre-production costs) will be A\$337 million. This represents a 30% decrease from the A\$483 million capital cost estimate presented in the DFS Refresh in March 2023².

¹ See ASX release 28 May 2024.

² See ASX release 28 March 2023. VHM has only reviewed capital cost estimates at present, and investors should not make investment decisions exclusively based on this information. As part of the Final Investment Decision, revised project economics will be released.

Table 1: Capex Summary

Area	DFS cost (A\$m)	Revised cost (A\$m)	Variance
Process plant	\$184.6	\$168.8	-9%
Non-process infrastructure	\$191.7	\$117.1	-39%
Pre-production mining and other ancillary costs	\$106.8	\$51.1	-52%
Total	\$483.1	\$337.0	-30%

Updated Capital Cost Estimate Includes:

- Early contractor involvement for key offsite infrastructure which included independent cost estimate development and updated execution methodologies.
- Leveraging the mining services partner’s capability to perform initial site development and selected early works to support the construction activities of the Project.
- Pre-production operations costs have been adjusted to reflect staged operations onboarding and the associated operational readiness requirements.
- The contingency for the Project is estimated on a line-by-line basis for each package. The contingency of A\$37.6 million included in the capex summary (Table 1) represents 11% of the total capital cost and reflects the quality of the underlying estimate.

Mr Ron Douglas, Chief Executive Officer states: *“The development process of detail design and early contractor involvement to optimise our approach has delivered capital benefits which indicate that Goschen is one of the lowest capital cost rare earth projects in Australia.*

Optimisation of capital costs is a normal part of asset management. We are in an environment where fiscal discipline is the first line of defence to cyclic trends and DFS stage estimates will always be refined once foundation plant design inputs, and principal mining services are in place.

While this is one of the most challenging markets to construct and operate in recent years, the reduction of our capital costs ensure that this project is competitive and at the bottom of the cost curve.”

EPCM Contractor Engagement

The Company issued tender packages to vendors for Engineering, Procurement and Construction Management (EPCM) services with the shortlisting of final vendors expected to be complete in the second half of 2024.

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Goschen Environment Approvals

The conclusion of the Inquiry and Advisory Committee (IAC) Public Hearing marks an important milestone in the Goschen Project's progress towards a ministerial decision. The Public Hearing concluded on 30 April 2024 and the IAC has 40 business days to prepare and issue their recommendation report to the Victorian Minister for Planning. The Minister will then determine whether to grant approval for the Goschen Project. Following a favourable ministerial outcome of the primary planning and environment approvals, the Goschen Mining Licence application will then be assessed by the Earth Resources Regulator.

ENDS

This announcement is approved by the VHM Board of Directors.

For Further Information Contact:

Carly O'Regan
Executive General Manager

M: +61 (0)431 068 814

E: carly.oregan@vhmltd.com.au

Ian Hobson

Company Secretary

M: +61 (0)407 421 185

E: ian.hobson@vhmltd.com.au

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.

The majority of Goschen's revenue will come from rare earth products including neodymium, praseodymium, dysprosium, and terbium, which are critical for manufacturing electric vehicles, wind turbines and energy efficient technologies.