VHM LIMITED

ACN 601 004 102

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

DIRECTORS	Donald Runge (Non-Executive Chairman) Gamini Colless (Non-Executive Director) Ayten Saridas (Non-Executive Director) Graham Howard (Managing Director) Michael Allen (Executive Director)
COMPANY SECRETARY	Susmit Shah
PRINCIPAL AND REGISTERED OFFICE	Level 2, Suite 9 389 Oxford Street Mount Hawthorn, Western Australia 6016 Telephone: (08) 9380 6789 Facsimile: (08) 9380 6761 www.vhmltd.com.au
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

Company Information

The Company is domiciled in Australia.

The directors of VHM Limited (the "Company") and its controlled entities (the "Consolidated Entity" or "Group") submit herewith the financial report for the financial year ended 30 June 2021, and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the Group during or since the end of the financial period are as follows. Directors were in office for the entire period unless otherwise stated.

Donald Runge	Non-Executive Chairman
Gamini Colless	Non-Executive Director - appointed 23 July 2021
Ayten Saridas	Non-Executive Director - appointed 23 July 2021
Graham Howard	Managing Director
Michael Allen	Executive Director and Chief Financial Officer
Tim Lehany	Non-Executive Chairman - resigned 26 July 2021
Samantha Tough	Non-Executive Director - appointed 9 May 2021, resigned 29 July 2021
Dr. Mark Bennett	Non-Executive Director - appointed 9 May 2021, resigned 19 July 2021
Christopher Brown	Non-Executive Director - resigned on 31 December 2020

COMPANY SECRETARY

Susmit Shah

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was project development of rare earth minerals and mineral sands, primarily zircon, ilmenite and rutile, at its wholly owned Goschen Project in Victoria, Australia, and engineering and approvals studies as part of the AREM Project.

RESULTS AND REVIEW OF OPERATIONS

The result of the Group for the financial year ended 30 June 2021 was a loss after tax of $6,590,007 (2020: loss $7,249,882). No dividends were paid during the year and the directors do not recommend payment of a dividend.

The reduction in the loss for the financial year (down 9% from prior year) is mainly due to reduced activity levels as a result of the COVID-19 pandemic resulting in a reduction of headcount of employees and contracts. The Company materially reduced its level of activity and consequential spend, whilst maintaining the motivation of staff to progress the Company's projects and continue to build enterprise value.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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
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.
Ayten Saridas	Non-Executive Director
Qualifications	BComm and Master of Applied Finance
Experience	Ms Saridas, a senior finance executive, has over 30 years of international experience across a broad range of ASX listed companies, involved in oil and gas, mining, retail, infrastructure, consumer goods and property.
Graham Howard	Managing Director
Qualifications	BAppSc (Geology), FAusIMM
Experience	Mr Howard has significant corporate experience as Chief Executive Officer and Managing Director with over 35 years 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.
Michael Allen	Executive Director (Chief Financial Officer until 5 September 2021)
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.
Tim Lehany	Former Non-Executive Chairman
Qualifications	BE (Mining), MBA, MAusIMM
Experience	Mr Lehany has substantial international resource company executive experience including Executive General Manager Operations of Newcrest Mining Ltd and Chief Executive Officer of St Barbara Ltd. Mr Lehany has managed a number of major resource projects and operations including Newcrest's flagship Cadia Valley Operations.
Christopher Brown	Former Non-Executive Director
Qualifications	BBus (Law and Accounting), MBA, DBA, CPA
Experience	Mr Brown is a Corporate Advisory Director at William Buck Chartered Accountants. With over 30 years' experience with public listed companies, private companies and consulting to boards of directors. Capabilities include strategic planning, corporate and business restructuring, foreign market advice, public listings, business negotiations and services to philanthropic organisations.

Dr. Mark Bennett	Former Non-Executive Director
Qualifications	BSc(Mining Geology), PhD, MAusIMM, FAIG
Experience	Dr. Bennett is a geologist with over 30 years' experience in various technical. Operational, executive and board roles in Australia, West Africa, the USA, Canada and Scandinavia. He is very experienced in corporate affairs, equity capital markets, investor relations and community engagement.

Samantha Tough	Former Non-Executive Director
Qualifications	BAppSc(Geology), FAusIMM
Experience	Ms Tough has a distinguished career in the energy and resources industries in Western Australia, with a 20 plus year career serving on boards.

Susmit Shah	Company Secretary
Qualifications	BSc Econ
Experience	Mr Shah is an accountant who has been involved as a director and company secretary of various Australian public listed companies for over 25 years. He consults to public companies on a variety of matters including stock exchange requirements, joint venture negotiation and corporate fundraising.

MEETINGS OF DIRECTORS	Directors Meetings	
Director	Number Eligible to Attend	Meetings Attended
Time Lehany	15	15
Christopher Brown	5	4
Donald Runge	15	15
Samatha Tough	6	6
Dr Mark Bennett	6	6
Graham Howard	15	10
Michael Allen	15	12

Gamini Colless and Ayten Saridas were appointed to the Board following the end of the financial year.

PROJECT OVERVIEW

Regional Setting

VHM Limited (the Company) is an Australian owned and operated unlisted public company established in 2014 that is developing an integrated business comprising the Goschen Rare Earth (REE) and Heavy Mineral Sands (HMS) project located in north-west Victoria, which is targeting producing refined concentrates of zircon and titanium, and providing feedstock to a rare earth refinery (Australian Rare Earth Mineral-AREM) to be located at an industrial site in South Australia.

The Company holds 5580 km^2 of near-contiguous tenements in Victoria (Figure 1). This ground holding hosts a series of recently discovered multibillion tonne rare earth and heavy mineral (zircon and titanium) deposits. The Goschen Project (Figure 2) forms the most advanced of these deposits and as such is the focus of the Company's development program during 2020 and 2021 financial year.

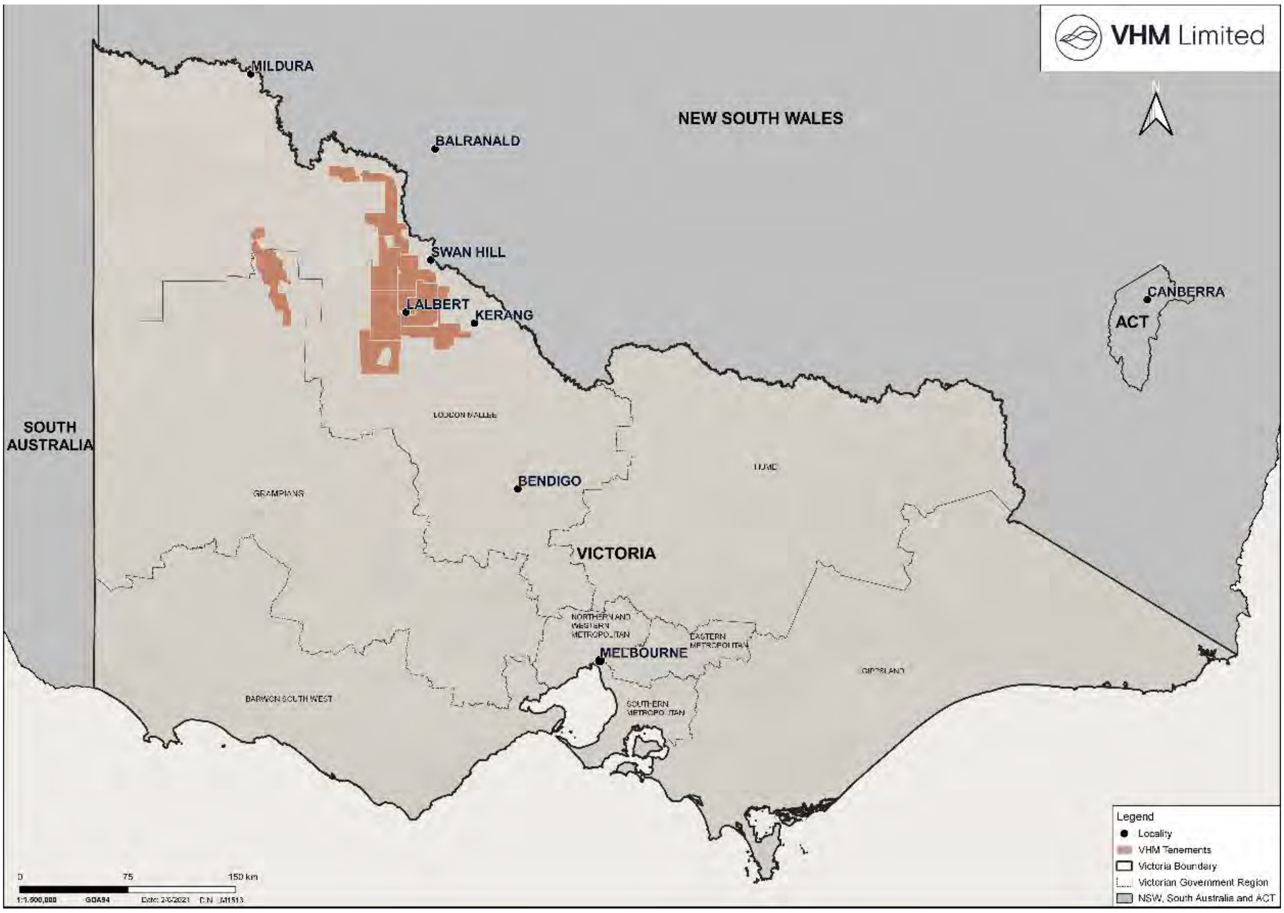

Figure 1: Company Tenements in Victoria

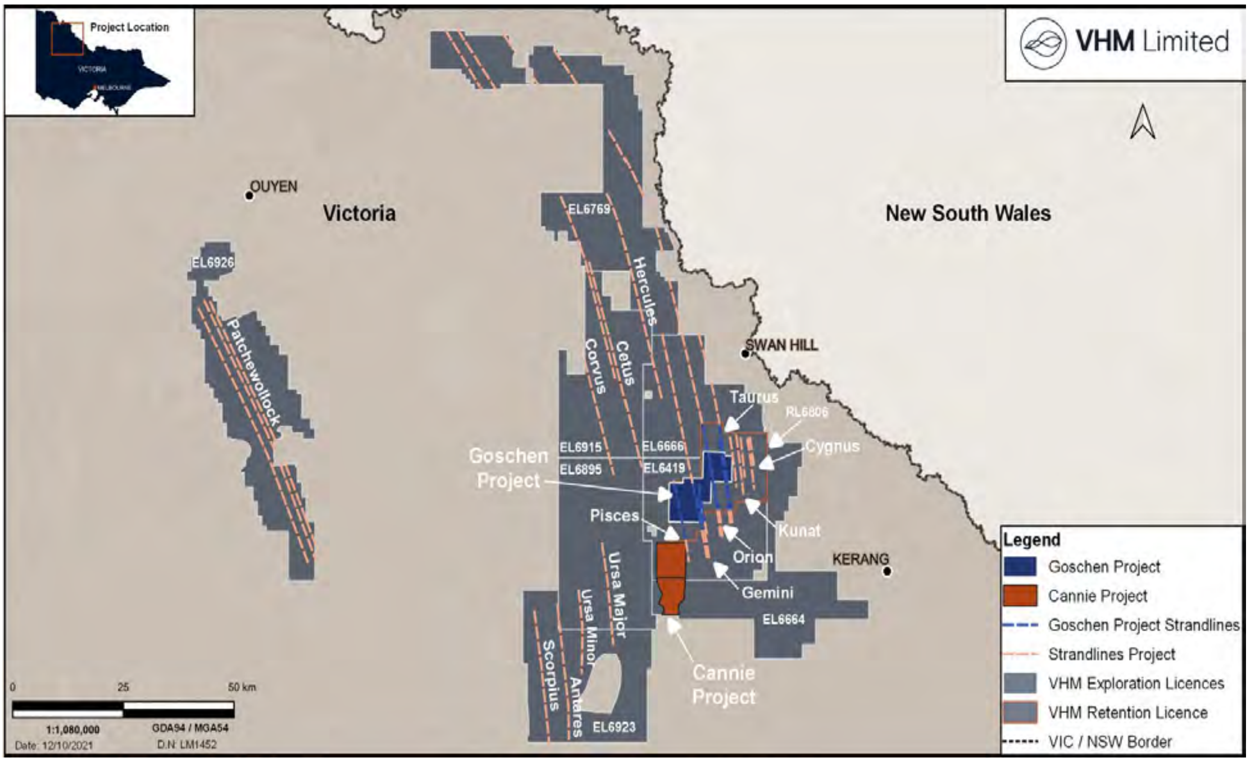

Figure 2: Goschen Project and other major REE & HMS deposits on Company tenements in Victoria

Goschen Mineral Resource

Material progress has been made with respect to the growth of both the Company's Mineral Resource and Ore Reserve inventory. At June 30 2021, the measured+ indicated + inferred classified Mineral Resource inventory increased by 322Mt from 778Mt to 1.1 billion tones (Table 1). Additional REE and HMS mineralisation, confirmed by both historic drill and Company data and classed as Exploration Target, range from 1.5Bt to 1.9Bt and will be subject to further resource conversion to maintain tenements in good stead.

Mineral Resources 30 June 2021

Mineral Resource Category	Material	Total Heavy Mineral (THM)	THM Assemblage)					
			Zircon	Rutile	Leucoxene	Ilmenite	Monazite	Xenotime
	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Measured	34.2	5.72	29.9	10.8	9.0	24.7	4.3	0.8
Indicated	310.3	3.19	20.9	10.2	8.7	25.0	3.5	0.7
Inferred	759.7	2.48	19.6	8.9	10.9	27.2	2.6	0.2
	1104.2	**2.78**	**20.3**	**9.3**	**10.2**	**26.5**	**2.9**	**0.4**

Table 1

Ore Reserves

The Proved and Probable Ore Reserve at 30 June 2021 included revised estimates to incorporate evaluation of process flow sheet option 4 which includes both the wet concentrator plant (WCP) and mineral separation plant (MSP). The Company has included updated resource estimates, metallurgical, engineering and marketing assessment completed during the financial year as pert of the Ore Reserve estimation. This has resulted in a positive improvement in Ore Reserve conversion with 24.5Mt @ 5.4% THM now classified as Proved Ore Reserve (zero Proved Ore Reserve in June 2020)

Ore Reserves - Total Ore Reserves for Goschen Project 198.7Mt

Goschen Ore Reserve March 2021

Reserve Classification	Ore Tonnes (Mt)	THM %	ZIR %	RUT %	LX %	ILM %	MON %	XEN %
Proven	24.5	5.4	29.9	10.8	9	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**	**22.1**	**9.7**	**8.3**	**25.6**	**3.6**	**0.6**

Table 2

Both the Mineral Resource and Ore Reserve have been independently reviewed as part of the preparation of the independent technical assessment report.

Goschen Project Development

The Company has evaluated a series of process plant scale and process flow sheet options as part of the development of the Goschen Project. The Company has completed engineering evaluations for process plant with the following range of throughputs - 2.5Mtpa WCP and MSP, 5Mtpa WCP and MSP and a larger 5Mtpa and 10Mtpa (total 15Mtpa). This work has also been advanced in parallel with approvals baseline studies that inform the approvals permitting and licencing program for the Goschen Project.

The Company has now established a streamlined pathway to deliver the Goschen Definitive Feasibility Study (DFS) in two stages. January 2021 - Stage One which includes the delivery of engineering for the nominal 5Mtpa throughput of the mining upgrade plant, (MUP) (Figure 4) Feed preparation Plant (FPP), Wet concentrator plant (WCP) and REE flotation circuit. Stage Two includes the delivery of the mineral separation plant (MSP) in March 2022. Mineral Technologies (part of the Downer Group) has been engaged to deliver the engineering for the process plant options. In August 2021, AECOM was engaged to deliver the balance of plant infrastructure for the two stages.

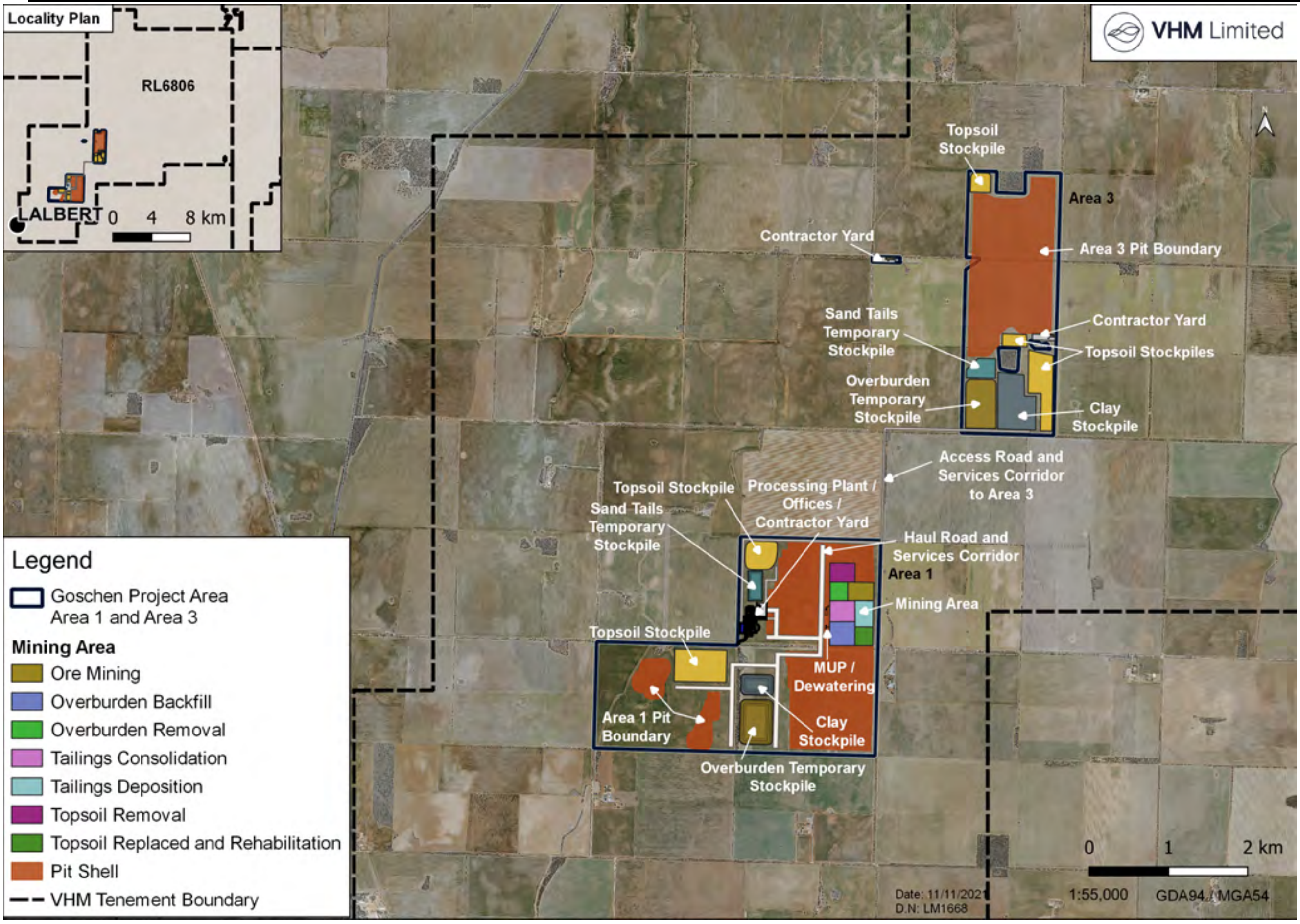

Figure 3: Goschen Project – 5Mtpa conceptual layout

The 5Mtpa process facility will treat ore mined using conventional open pit methodology on land that is secured under land purchase agreements. The sand and slimes tailings, as well as the overburden, will be returned to the open pit post mining of the ore. Land will be returned to conditions suitable for broad acre cropping.
The Company has completed baseline approvals studies including installation of hydrogeology monitoring bores, heritage survey of the Goschen Project footprint area by the members of the Wamba Wamba peoples, and completion of baseline radiation, noise, air and vibration monitoring and flora and fauna surveys. The Company also progressed water supply engineering and water balance for treatment plant.

Marketing and offtake negotiations advanced through the year with the delivery of revised market forecasts for both zircon and titanium and rare earth minerals. The shortage of supply is driving upwards commodity pricing for both rare earth mineral products and zircon and titanium products. Market forecast indicate supply shortfalls continuing out past 2025.

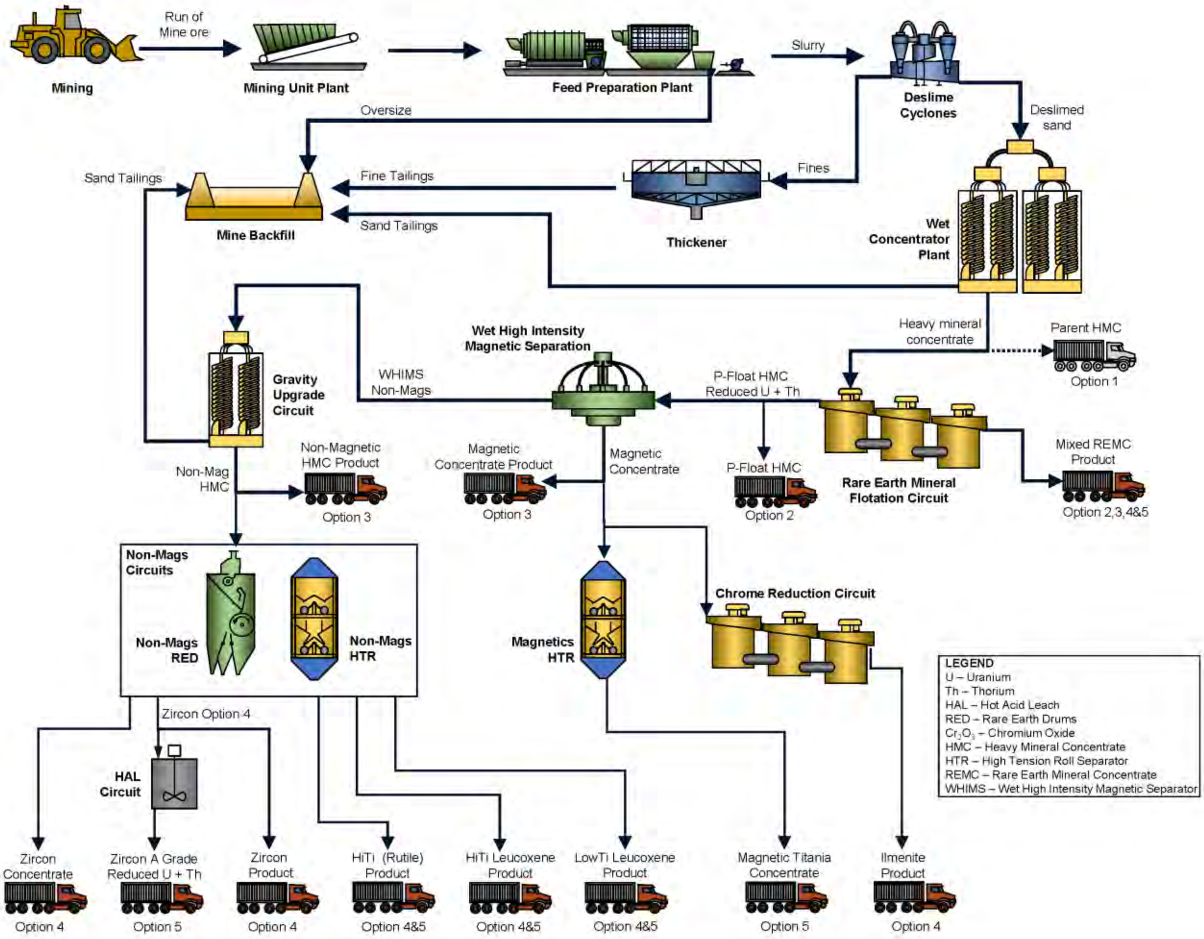

Figure 4 Mining Upgrade Plant (MUP)

Engineering and Technical Studies to support the Goschen EES

The Company commissioned the following studies to provide engineering and other technical information to support the Regulatory Approvals process and the EES:

- MinSol Engineering Pty Ltd to interpret previously completed engineering studies supporting the 2019 Preliminary Feasibility Study to engineer and provide layout designs and environmental emission and disturbances for the processing and non-processing infrastructure for the Goschen Project;
- RMCG to prepare technical specifications for water supply infrastructure to support the Goschen Project;
- Land & Marine Geological Services Pty Ltd provided a specialist geotechnical and tailings management consultant to assist the Company set the guidelines for a series of tailings deposition studies;
- TZ Minerals International to prepare a comprehensive market study for the Company's suite of mineral sands products;
- Adamas Intelligence to prepare a Rare Earth Market Outlook to forecast the value of rare earth products from the Goschen Project;
- CSA Global was engaged to undertake a peer review of the mineral resource and reserve information and to provide the Company with a JORC and VALMIN compliant Independent Technical Assessment Report (ITAR).

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 have been prepared and will be submitted for all licences in accordance with regulatory requirements.

Goschen Licensing and Approvals
The major approvals process under the Commonwealth *Environmental Protection Biodiversity Conservation Act 1999* (EPBC Act) and the *Environment Effects Act 1978* (Victoria) for the Goschen Project continues to advance.

The environmental and social impact assessments to support the project continues and work undertaken in H1 2021 included:

- 24 months of radiation monitoring is required to establish a pre mining baseline. The second 12 months monitoring period commenced in March 2021;
- A flora and vegetation survey of the transport route from site to the Ultima rail loading facility was completed.
- A summer survey for the Plains Wanderer (Threatened bird species) was completed with a spring survey planned for September 2021. No Plains Wanderers were found within the project area during the summer survey;
- A cultural heritage survey of the Goschen Project footprint 2021 was undertaken in May. This survey involved engaging with the Wamba Wamba peoples.
- The tailings geochemical characterisation assessment commenced in June 2021. This study will determine the acid and metalliferous drainage potential of the tailings leachate. This study will inform tailings storage design, and the hydrogeology impact assessment;
- The Hydrogeological drilling program to inform the Hydrogeological assessment commenced late June 2021. This study will inform mine planning and pit design, tailings design and management, and to assess potential impacts of the Goschen Project on nearby wetlands (such as the Kerang Wetlands) and other sensitive receptors or beneficial users.

During the reporting period, the Company continued to progress the engineering and technical basis for physical and operational requirements of the project footprint for Regulatory Approvals.

AREM

The AREM Project consists of a two-stage processing plant to refine the REMC into rare earth oxides and carbonate concentrates, plus non-process infrastructure. During the year the Company completed engineering evaluation using both sulphate bake and caustic conversion hydrometallurgical cracking processes. The primary option that is being taken forward for assessment in the AREM prefeasibility study is sulphate bake.

Rare earth mineral concentrate (REMC) from Goschen Project is delivered to the AREM processing site by truck and stored in the unloading shed until required for processing until ready for processing. The transport method will likely be sealed 200L drums (or similar packaging) to ARPANSA guidelines, stacked inside sea containers. The REMC packages (drums) are emptied into a storage bin / silo with appropriate dust handling systems. The REMC handling and preparation circuit is common to both Sulphate Bake (Figure 5) and Caustic Conversion.

The hydrometallurgical cracking process in both flowsheets allows the rare earths to be solubilised in downstream processing steps with the majority of the unwanted gangue minerals removed via traditional solid / liquid separation techniques.

Figures 5, 6 and 7 illustrate the processing modules within the Sulphate Bake Cracking Process.

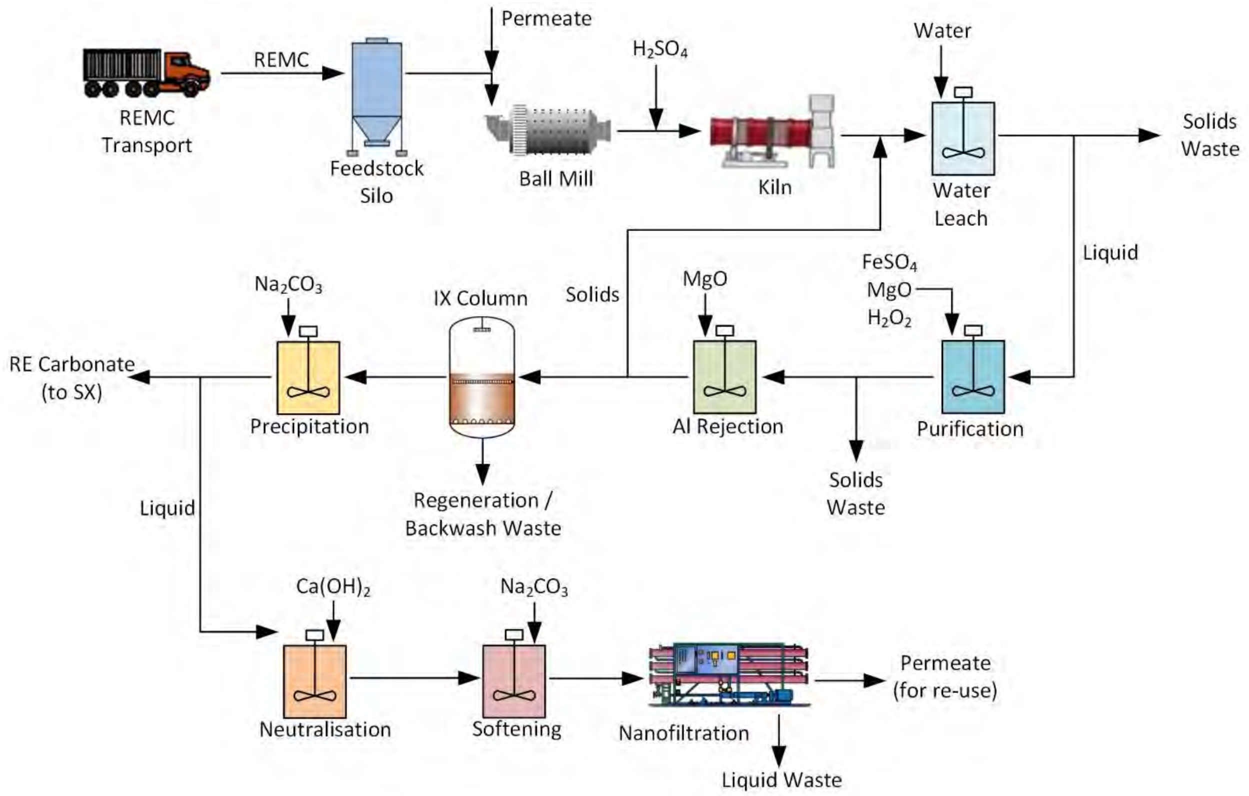

Figure 5: Sulphate Bake Processing Option and Product Streams

Upon leaving the ball mill, the REMC is de-watered and dried (pre-heated) to allow for mixing with concentrated sulphuric acid. The combined sulphuric acid and REMC material is then heated in a sulphation bake rotary kiln. Rare earth sulphates formed during this process are then leached in water at ambient temperature using conventional, atmospheric, agitated leach tanks.

Neutralisation with magnesium oxide is followed by addition of ferric sulphate to remove impurities, such as thorium, phosphorus and aluminium using atmospheric agitated leach tanks and de-watering processes such as gravity sedimentation in thickeners and filter presses.

The purified rare earth element (REE) sulphate solution is then treated with sodium carbonate to recover a mixed rare earth carbonate solid through dewatering processes using gravity sedimentation via a thickener, and a filter press.

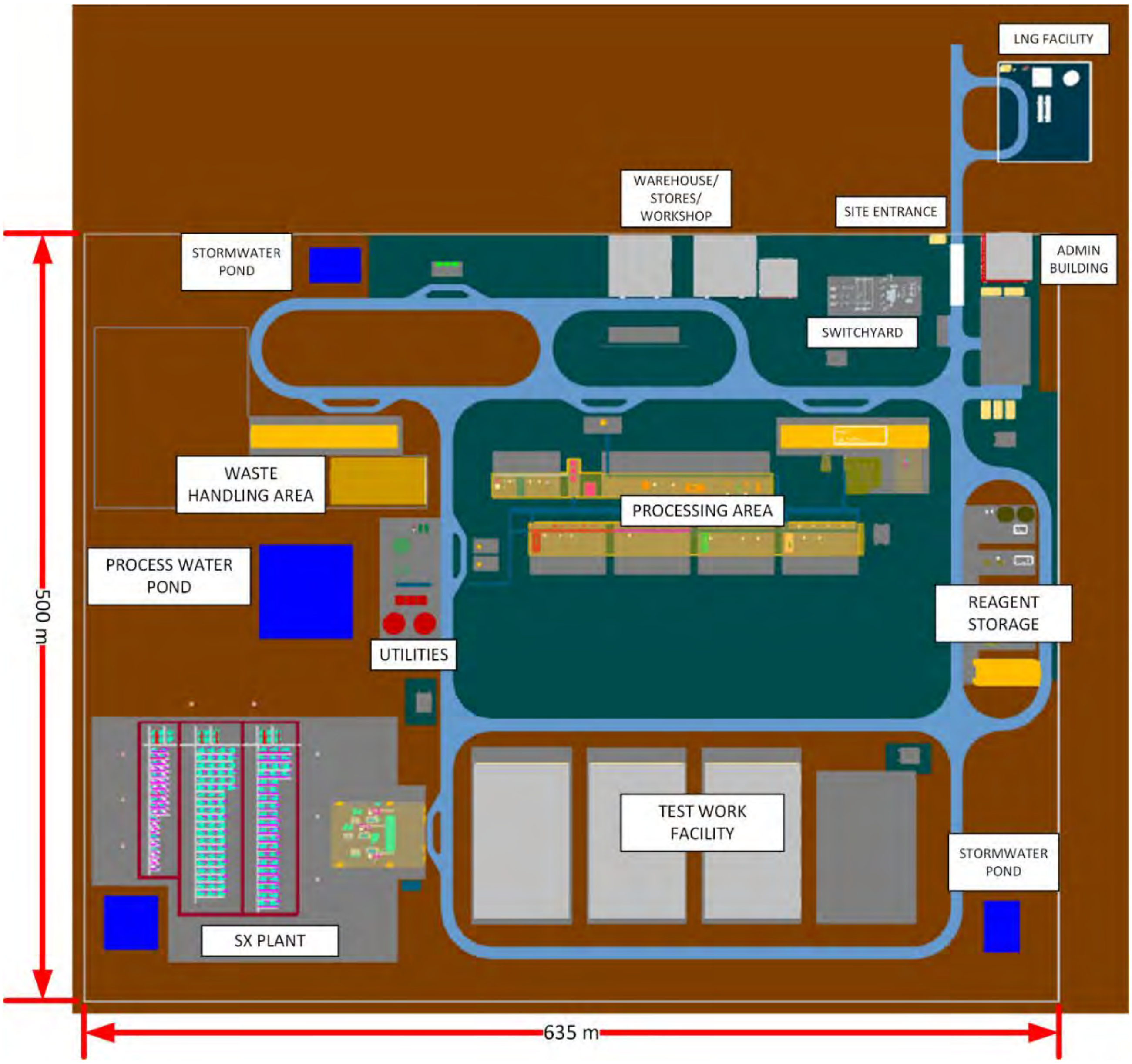

Figure 6: General process plant layout for sulphate bake AREM facility

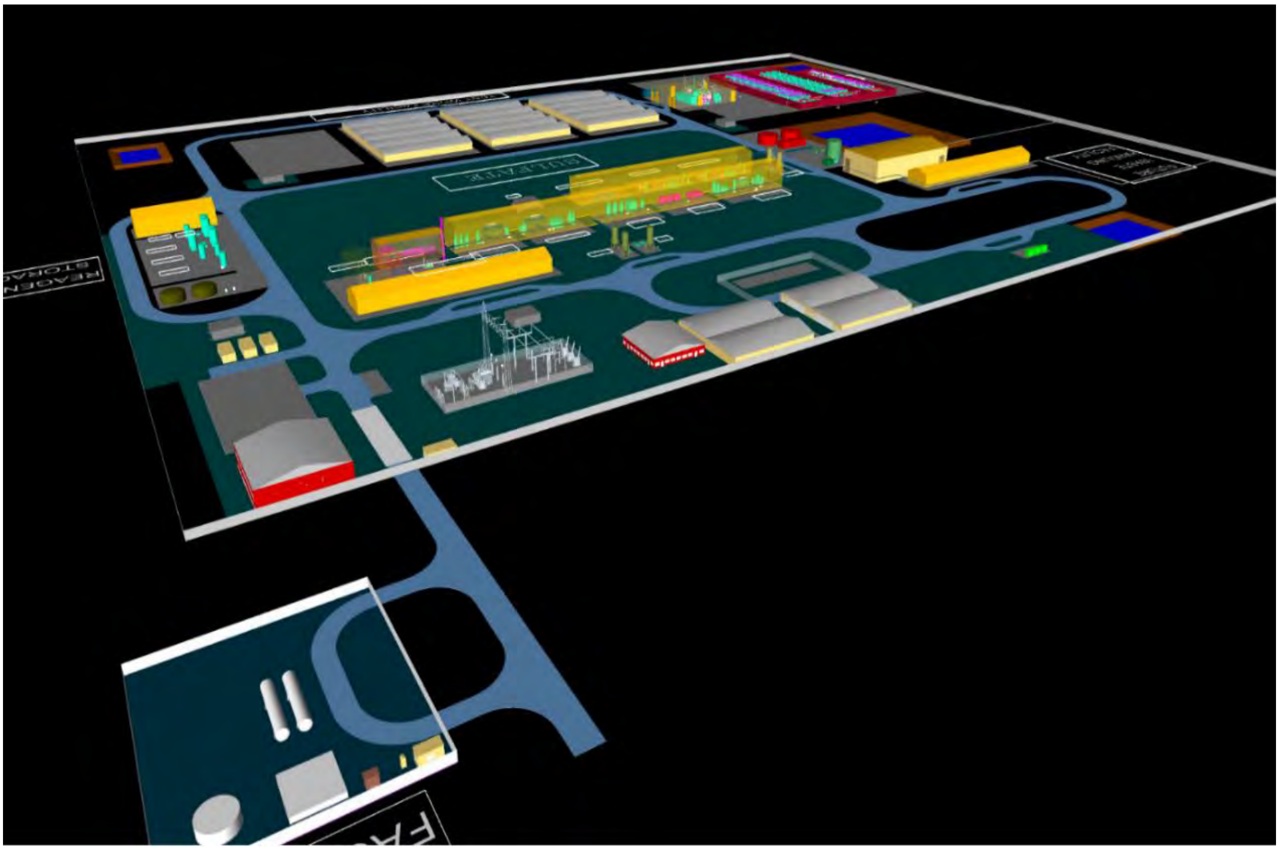

Figure 7: Sulphate bake process facility engineering layout.

Solvent extraction (SX) refinery.

The carbonate is then sent to a multi-stage solvent extraction (SX) circuit for further refining. exceptional recoveries based on ANSTO testwork of the rare earths in carbonate form are achieved with minimal impurities. The liquor from the carbonate precipitation is further neutralised using hydrated lime to precipitate magnesium. This liquor is then softened using soda ash, dewatered via thickening and then filtered in preparation for nanofiltration (Figure 8).

The solubilised rare earth solution is further purified and polished via chemical treatment to achieve the high purity required for feed to subsequent rare earth separations in the solvent extraction (SX) plant. The resulting high-purity, high concentrated liquor streams will then be used as the feed to final product precipitation circuits.

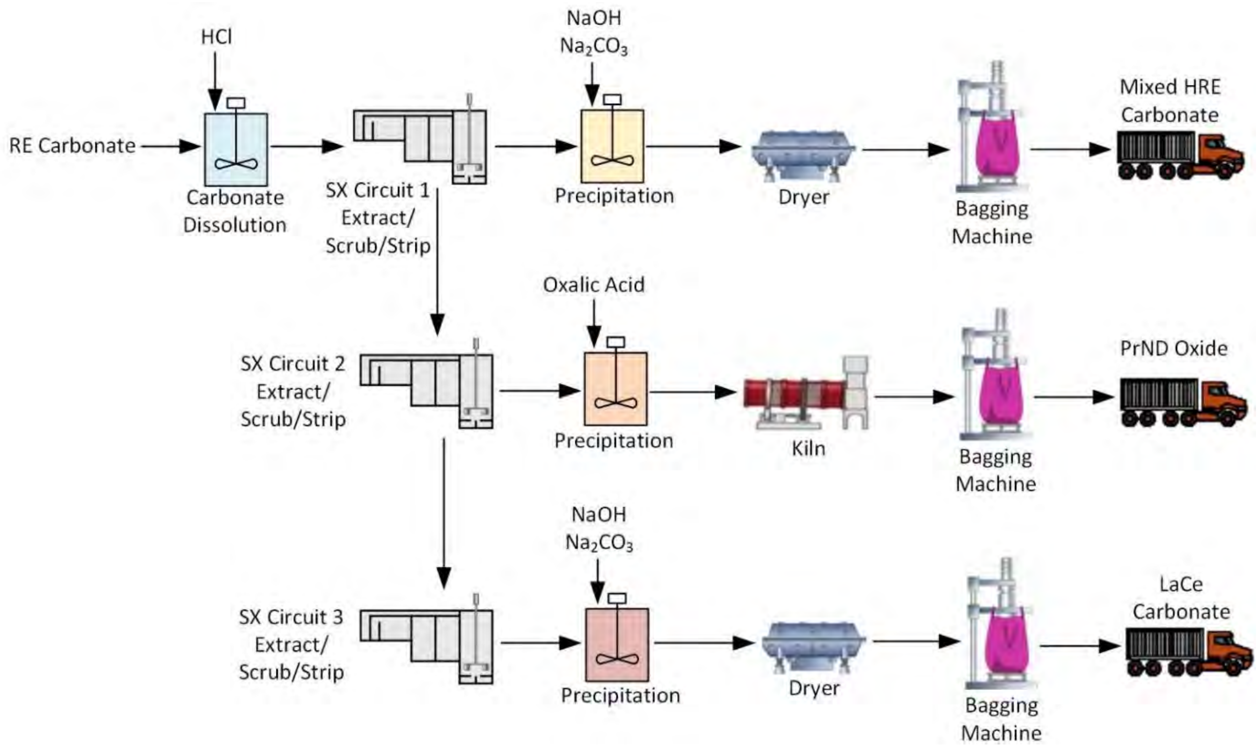

Figure 8: Generalised flowsheet of the solvent extraction plant

The initial facility will be at a nominal 5ktpa with engineering completed to define expansion for an additional 10,000tpa REMC throughput, for a total capacity of 15,000tpa. The Company has also considered expansion to a total capacity of 30,000tpa.

The Company advanced site selection analysis within the South Australian iron triangle of Port Pirie, Port Augusta and Whyalla area.

SHARE OPTIONS

During the financial year, 2,250,672 options were granted to employees. In addition, 258,017 options were issued during the financial year to former employees as part of their redundancy package. No options were exercised during the financial year, however, subsequent to year-end, 1,850,815 options have been exercised and a corresponding number of shares issued.

The following table provides terms and conditions of the options on issue at the date of this report:

Grant Date	Exercise price of options ($)	Expiry date	Number of options
5 July 2017	Nil	2 November 2023	96,000
30 August 2018	0.21875	30 August 2022	320,000
30 August 2018	0.375	30 August 2022	320,000
31 December 2019	Nil	31 December 2024	3,214,022
10 January 2020	Nil	31 December 2024	337,655
23 October 2020	Nil	30 September 2025	183,642
24 March 2021	Nil	24 March 2026	2,250,672

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the Group's state of affairs during the year included:

On 8 June 2020, the Company announced a non-renounceable rights issue in which the Company offered 1 new Share for every 7 Shares held by Shareholders to raise up to $5.03 million. The offer closed on 2 July 2020. On completion of the offer, the Company issued 14,381,941 shares on 9 July 2020 at $0.35 each to raise $5.03 million, and a further 1,600,000 shares were issued to the underwriter for the rights offer at $0.35 each in lieu of $560,000 cash underwriting fees. The offer was strongly supported by existing shareholders who took up 74% of the capital raising with the remaining 26% taken up by the underwriter.

A total of $15.5 million in funds was raised in March and April 2021 through the issue of 19,677,285 shares at $0.60 cents each ($11.81 million), together with the issue of 369 convertible notes with a face value of $10,000 each ($3.69 million). In addition, 774,818 shares were issued to a share placement agent at $0.60 each in lieu of $0.46 million cash fees on 30 April 2021. The convertible notes have the right to convert to shares at a 20% discount to the offer price of shares under an initial offer of shares to the public (IPO). In the absence of an IPO, the notes are required to be redeemed on 31 March 2023.

EVENTS SUBSEQUENT TO REPORTING DATE

The Company lodged the tax return for the year-ended 30 June 2021 on 29 October 2021 which includes provision for a refund of $3.04 million for Research and Development expenditure. This amount has not been recognised in the Financial Statements.

Apart from the above, there are no matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's objective is to maximise shareholder value by rapidly progressing the proposed development of the Company's material resource inventory of rare earth minerals and mineral sands deposits at the Goschen Project. Over the 2021/2022 financial year, the Company will continue to progress various pre-development activities including community consultation, environmental impact assessments, metallurgical and mining optimisation studies, marketing and offtake arrangements, ore reserve and feasibility studies as part of the overall project development plans.

Most of the Company's current activities do not require travel to the Goschen Project site in Victoria or work on the ground and consequently the impact of the COVID-19 pandemic on the Company's activities to date has been minimal. However, it is hard to gauge the impact of the pandemic on the Company's activities and execution of business plans over the coming year particularly as pandemic control responses by governments and local authorities are dynamic in nature.

The directors are unable to comment on the likely results from the Company's planned exploration and pre-development activities due to the speculative nature of such activities and the continuation of the COVID-19 pandemic.

ENVIRONMENTAL ISSUES

The Group is subject to significant environmental regulation, both Commonwealth and State, in respect of its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved and, in doing so, comply with all applicable environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Group's Constitution requires it to indemnify directors and officers against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Group's auditors under the terms of their engagement. Directors and officers of the Group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome;
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Details of the amount of the premium paid in respect of the insurance policy are not disclosed as such disclosure is prohibited under the terms of the contract.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and forms part of the Directors' report and can be found on the following page of the financial report.

NON-AUDIT SERVICES

There have been no non-audit services provided by the Group's auditor during the year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.

Graham Howard
Managing Director

10 November 2021
Perth, Western Australia

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of VHM Limited for the year ended 30 June 2021, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**N G Neill**
10 November 2021	**Partner**

hlb.com.au

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		Consolidated	
	Notes	**2021**	2020
		$	$
Revenue			
Other income	2	167,864	200,976
		167,864	**200,976**
Expenditure			
Corporate and administration expenses		(2,786,200)	(2,197,616)
Depreciation expense		(153,586)	(168,357)
Employee expenses		(1,717,056)	(2,043,439)
Share based payment expense		(829,879)	(1,930,681)
Finance costs		(1,271,150)	(1,110,765)
Total Expenditure		**(6,757,871)**	**(7,450,858)**
Loss before income tax		**(6,590,007)**	**(7,249,882)**
Income tax expense	5	-	-
Loss after income tax		**(6,590,007)**	**(7,249,882)**
Other Comprehensive (loss)			
Items that may be reclassified to profit or loss		**-**	-
Total comprehensive (loss) for the year		**(6,590,007)**	**(7,249,882)**
Loss per Share			
Basic loss per share (dollar per share)	4	**(0.05)**	(0.08)
Diluted loss per share (dollar per share)	4	**(0.05)**	(0.08)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

		Consolidated	
	Note	**2021**	2020
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	10,874,526	332,541
Other receivables	7	504,294	3,243,824
Total current assets		**11,378,820**	**3,576,365**
Non-current assets			
Deferred exploration expenditure	8	17,024,238	11,347,315
Property, plant and equipment	9	10,520,843	8,719,221
Right-of-use assets	10	66,953	168,723
Other receivables	7	-	47,780
Total non-current assets		**27,612,034**	**20,283,039**
Total assets		**38,990,854**	**23,859,404**
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,851,476	1,379,260
Land acquisition liabilities	16	910,628	7,146,500
Borrowings	12	550,891	1,844,587
Funds from unissued shares		-	75,250
Convertible Notes liability	13	-	42,077
Lease liabilities	14	69,964	106,553
Provisions	15	370,333	196,470
Total current liabilities		**3,753,292**	**10,790,697**
Non-current liabilities			
Convertible Notes liability	13	3,532,124	**-**
Lease liabilities	14	5,888	75,852
Land acquisition liabilities	16	7,415,603	-
Total non-current liabilities		**10,953,615**	**75,852**
Total liabilities		**14,706,907**	**10,866,549**
Net assets		**24,283,947**	**12,992,855**
Equity			
Issued capital	17	40,193,238	23,867,997
Reserves	18	4,939,923	3,384,065
Accumulated losses	19	(20,849,214)	(14,259,207)
Total equity		**24,283,947**	**12,992,855**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.
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Consolidated 2020	**Issued capital**	**Share based payment reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**
Opening Balance	19,880,663	774,866	(7,009,325)	13,646,204
Loss for the year	-	-	(7,249,882)	(7,249,882)
Total comprehensive loss for the year	-	-	(7,249,882)	(7,249,882)
Shares issued during the year – net	3,987,334	-	-	3,987,334
Share based payments recognised	-	2,609,199	-	2,609,199
Balance as at 30 June 2020	**23,867,997**	**3,384,065**	**(14,259,207)**	**12,992,855**

Consolidated 2021	**Issued capital**	**Share based payment reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**
Opening Balance	23,867,997	3,384,065	(14,259,207)	12,992,855
Loss for the year	-	-	(6,590,007)	(6,590,007)
Total comprehensive loss for the year	-	-	(6,590,007)	(6,590,007)
Shares issued during the year - net	16,325,241	-	-	16,325,241
Share based payments recognised	-	1,555,858	-	1,555,858
Balance as at 30 June 2021	**40,193,238**	**4,939,923**	**(20,849,214)**	**24,283,947**

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

	Note	Consolidated 2021	2020
		$	$
Cash flows from operating activities			
Interest received		1,373	1,857
Jobkeeper payments received		150,000	33,000
Payments to suppliers and employees		(4,491,373)	(3,739,282)
Net cash outflows from operating activities	22	**(4,340,000)**	**(3,704,425)**
Cash flows from investing activities			
Payments for exploration expenditure		(4,580,126)	(6,549,161)
Purchase of property, plant and equipment		(117,093)	(15,912)
Proceeds from sale of property, plant and equipment		2,860	727
Repayments of land acquisition liabilities		(508,014)	-
Research and development refund		3,068,190	3,481,988
Net cash outflows from investing activities		**(2,134,183)**	**(3,082,358)**
Cash flows from financing activities			
Proceeds from issue of shares		16,764,798	1,009,934
Share issue costs		(514,810)	(94,310)
Repayments of lease liabilities		(135,177)	(131,794)
Proceeds from issue of convertible notes		3,690,000	3,150,000
Convertible notes issue costs		(230,805)	-
Proceeds from borrowings		519,250	1,742,000
Repayments of borrowings		(1,742,000)	-
Repayments of convertible notes		(42,077)	-
Interest and finance costs paid		(1,293,011)	(930,538)
Net cash inflows from financing activities		**17,016,168**	**4,745,292**
Net increase/(decrease) in cash and cash equivalents held		**10,541,985**	**(2,041,491)**
Cash and cash equivalents at the beginning of the year		332,541	2,374,032
Cash and cash equivalents at the end of the year	6	**10,874,526**	**332,541**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

VHM Limited (the Company) is a company limited by shares incorporated and domiciled in Australia, and which was incorporated on 31 July 2014. The financial statements are for the Consolidated Entities (or "Group") consisting of VHM Limited and its subsidiaries. The financial year covers the year from 1 July 2020 to 30 June 2021.

The nature of the operations and principal activity of the Group is to acquire, explore, evaluate and ultimately develop mineral assets.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with mandatory Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and other requirements of the law and Australian equivalents to International Financial Reporting Standards ("AIFRS").

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 9 November 2021.

Historical cost convention

This financial report has been prepared on an accruals basis under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The 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 $6,590,007 (2020: $7,249,882) for the year. At balance date, the Group had net assets of $24,283,947 which included cash and cash equivalents of $10,874,526 and a working capital surplus of $7.6 million.

Based on the working capital surplus 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 and have a reasonable basis for believing that the Company can continue to raise private equity capital on an interim basis whilst plans are finalised and implemented for an initial offer of securities to the public ('IPO'); and
- The Company also has the capacity to reduce discretionary expenditure in line with available funding.

Should the Group be unable to raise sufficient capital within the next 12 months, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Significant accounting judgements, estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment expense

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of these equity instruments is determined using a Black-Scholes model, using various assumptions detailed in the notes to the financial statements.

(c) Exploration, evaluation and development expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(d) Revenue and other income

Revenue is recognised to the extent that it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The Company was eligible for the JobKeeper payment and cash flow boost from the Australian Taxation Office, the revenue is recognised to the extent that the Group will receive the payments to which it will be entitled for the period.

(e) Cash and cash equivalents

Cash reserves in the statement of financial position comprise cash at bank and in hand.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the net asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(g) Trade and other payables

Trade and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(h) Borrowings

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of borrowings using the effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for expected credit losses is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Share based payment expense

The Group measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model, using the assumptions detailed in Note 21.

(l) Income tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and Development Tax Concession

To the extent that research and development costs are eligible activities under the “Research and development tax incentive” programme, a refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year directly against capitalised exploration expenditure, in the statement of financial position, resulting from the monetisation of available tax losses that otherwise would have been carried forward. These amounts are recognised at their fair value only to the extent that there is reasonable assurance that the incentive will be received.

(m) Property, plant and equipment

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy “Impairment”).

Land

Land is initially recognised at cost. After initial recognition at cost, the Group will continue to carry the land, which is acquired primarily for its mineral resources, at its cost less any accumulated impairment losses.

Plant and equipment

Plant and equipment, including fixture and fittings acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Motor Vehicles

Motor Vehicles are recorded at cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period is three years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(n) Impairment

The carrying amount of the Group's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.
Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset(s) does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the (undiscounted) amounts expected to be paid when the liabilities are settled.
Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(p) Earnings per share

Basic earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of VHM Ltd.

(r) Financial instruments

Financial instruments, incorporating financial assets and liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade data accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially recognised at fair value plus transaction costs where the instrument is not classified at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit and loss are expensed to profit and loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Fair value
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) Parent entity financial information

The financial information for the parent entity, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements, except for investment in subsidiaries, which are accounted for at cost in the financial statements.

New standards and interpretations in issue not yet adopted

For the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. It has been determined by the Directors that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2021. Any new or amended Accounting Standards or Interpretations that are not mandatory have not been early adopted.

NOTE 2: REVENUE

	Consolidated	
	2021 **$**	2020 $
Other revenue includes the following:		
Interest - other parties	1,374	1,857
Government grants (JobKeeper payment and cashflow boost)	167,500	199,000
(Loss) / Profit on sale of property, plant and equipment	(1,010)	119
	167,864	**200,976**

NOTE 3: AUDITOR'S REMUNERATION

	Consolidated	
	2021	2020
	$	$
Auditors – HLB Mann Judd (WA) Partnership	27,499	22,500
	27,499	**22,500**

NOTE 4: LOSS PER SHARE

	Consolidated	
	2021	2020
	$	$
Basic loss per share	(0.05)	(0.08)
Loss after tax for the year	(6,590,007)	(7,249,882)
Weighted average number of ordinary shares used in the calculation of basic loss per share	120,389,017	91,230,154

NOTE 5: INCOME TAX EXPENSE

	Consolidated 2021 $	2020 $
Income tax benefit		
The major components of tax benefit are:		
The prima facie income tax benefit on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before tax from continuing operations	(6,590,007)	(7,249,882)
Income tax (benefit) calculated at 26% (2020 - 27.5%)	(1,713,402)	(1,993,718)
Non-deductible expenses	215,898	532,886
Other deferred tax assets and tax liabilities not recognised	1,497,504	1,460,832
Income tax benefit reported in the statement of comprehensive income	-	-

Unrecognised deferred tax balances

Potential deferred tax assets attributable to tax losses carried forward of $5,542,397 (2020: $3,485,082) have not been brought to account at 30 June 2021 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated 2021 $	2020 $
Current		
Cash at bank	10,874,526	332,541
	10,874,526	**332,541**

NOTE 7: OTHER RECEIVABLES

	Consolidated 2021 $	2020 $
Current		
GST receivable	107,836	37,145
Research & Development refund receivable	-	3,068,190
Prepayment	320,430	6,409
Office rental deposits	28,248	16,079
Deposit to secure bank guarantee on office lease	47,780	-
Government grants receivable	-	116,000
	504,294	**3,243,823**

Non-Current		
Deposit to secure bank guarantee on office lease	-	47,780
	-	47,780

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2021 $	2020 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost	**17,024,238**	**11,347,315**
Movement for the period		
Balance at beginning of period	11,347,315	7,917,707
Expenditure incurred	5,676,923	6,497,798
Eligible exploration expenditure tax offset rebate	-	(3,068,190)
Total deferred exploration and evaluation expenditure	**17,024,238**	**11,347,315**

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

Expenditure incurred includes share-based payments of $725,978 (2020: $678,517) for options issued to employees directly engaged in exploration activities.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2021	2020
	$	$
Land acquisition under contract		
At cost	10,306,716	8,566,500
Plant and equipment		
At cost	166,176	161,915
Less accumulated depreciation	(123,300)	(101,933)
	42,876	59,982
Fixture and fittings		
At cost	117,204	117,204
Less accumulated depreciation	(42,626)	(24,465)
	74,578	92,739
Motor Vehicle		
At cost	100,000	-
Less accumulated depreciation	(3,327)	-
	96,673	-
Total	**10,520,843**	**8,719,221**
Reconciliation		
Balance at the beginning of the year	8,719,221	8,770,504
Purchase Price adjustment (see note below)	1,740,216	-
Acquisition	117,093	15,912
Disposal	(3,871)	(1,562)
Depreciation	(51,816)	(65,633)
Balance at the end of the year	**10,520,843**	**8,719,221**

Three land acquisition contracts in place at the start of the financial year were rescinded early in the financial year and the Group entered into three new land acquisition contracts at a higher purchase price than the rescinded contracts. Refer to Note 16 for further information.

NOTE 10: RIGHT-OF-USE ASSETS

	Consolidated	
	2021 **$**	2020 $
Carrying value:		
Cost	270,493	270,493
Accumulated depreciation	(203,540)	(101,770)
Carrying value at year end	**66,953**	**168,723**
Reconciliation:		
Opening balance	168,723	270,493
Depreciation expenses	(101,770)	(101,770)
Carrying value at year end	**66,953**	**168,723**

The Group's Right-of-Use assets comprise operating leases for office leases.

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated	
	2021 **$**	2020 $
Trade creditors	1,039,365	1,068,055
Accruals	547,180	224,104
Other	264,931	87,101
	1,851,476	1,379,260

Trade and other payables amounts 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.

NOTE 12: BORROWINGS

	Consolidated	
Current	**2021** **$**	2020 $
Principal amount	519,245	1,742,000
Interest payable	31,646	102,587
	550,891	**1,844,587**

In January 2021, the Group entered into a new loan facility to finance eligible R&D expenditure (expenditure on research and development activities that are eligible for a notional tax deduction or offset under applicable law and regulation at the time that it is incurred including under the Applicable Tax Legislation). The amount of $519,245 was borrowed against the eligible R&D expenditure incurred for the first five months of the 2021 financial year.

The loan is secured by the future anticipated R&D refund and a featherweight floating charge , is subject to interest rate of 14% per annum and is repayable on receipt of the anticipated R&D refund or 31 December 2021, whichever comes first.

The Group fully repaid the amount of $1,742,000 of borrowings plus interest from the prior year.

NOTE 13: CONVERTIBLE NOTES LIABILITY

	Consolidated	
Current	**2021** **$**	2020 $
Convertible notes – face value	-	3,150,000
Amount converted into shares	-	(3,110,000)
Interest payable	-	2,077
Carrying value at year end	**-**	**42,077**
Non-Current		
Convertible notes – face value	3,690,000	-
Interest payable	72,929	-
Convertible notes issue cost	(230,805)	-
Carrying value at year end	**3,532,124**	**-**

In March and April 2021, 369 convertible notes, each with a face value of $10,000, were issued to fund the Company's activities, raising $3.69 million. These convertible notes with 10% interest per annum (payable quarterly) from the issue date of 30 March 2021 and 29 April 2021 are unsecured. The notes are convertible to shares in the event that the Company makes an initial offer of securities to the public (IPO) at a conversion price which will be at a 20% discount to the IPO issue price, but, in the absence of an IPO, the face value of the notes shall be repayable on 31 March 2023.

4 convertible notes with 10% interest per annum, each with a face value of $10,000, were unsecured and repaid at maturity on 23 December 2020.

NOTE 14: LEASE LIABILITIES

	Consolidated	
	2021	2020
	$	$
Carrying value:		
Current	69,964	106,553
Non-current	5,888	75,852
	75,852	**182,405**
Reconciliation:		
Opening balance	182,405	270,493
Plus: interest expense	28,624	43,706
Less: lease payments	(135,177)	(131,794)
Closing Balance	**75,852**	**182,405**

Underlying assets serve as security of the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due		
	<1 year	**1-2 years**	**Total**
30 June 2021	**$**	**$**	**$**
Lease payments	80,108	6,676	86,784
Interest	(10,144)	(788)	(10,932)
Net present values	69,964	5,888	75,852

NOTE 15: PROVISIONS

Current entitlements to annual leave for services up to the reporting date are recognized in the provision and are measured at the amounts expected to be paid.

	Consolidated	
	2021	2020
	$	$
Employee Provisions	370,333	196,470
	370,333	**196,470**

NOTE 16: LAND ACQUISITION LIABILITY	**Consolidated**	
	2021	2020
	$	$
Carrying value:		
Current	910,628	7,146,500
Non-current	7,415,603	-
	8,326,231	7,146,500
Reconciliation:		
Land cost	7,146,500	6,632,580
Purchase price adjustment	1,478,225	-
Plus: stamp duty	209,220	513,920
Plus: interest expense	456,569	-
Less: payments	(964,583)	-
Closing Balance	**8,326,231**	7,146,500

Three contracts to acquire land, which wholly owned subsidiary GP Land Holdings Pty Ltd was previously a party to were rescinded at the start of the financial year. Instead, new land acquisition contracts have been entered into with the vendors through two new subsidiary companies GPF Land Holding Pty Ltd and GPB Land Holdings Pty Ltd incorporated in July 2020.

The key terms of the new acquisition contracts are detailed in the below table:

Signed 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[2]	12%	12%	12%
Tenure	5 years	10 years	10 years
Notes	(a), (b)	(c), (d), (e)	(c), (d), (f)

[2]The discount rate represents the current borrowing rate for the Company and this has been used to estimate liabilities on a net present value basis.

NOTE 16: LAND ACQUISITION LIABILITY (Continued)

Other key terms and conditions of the new contracts:

(a) 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.

(b) 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.

(c) Monthly instalments increase at the start of each year.

(d) 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 gets closer to December 2030.

(e) 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.

(f) 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 gets closer to December 2030.

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

	2021 Number	2021 $	2020 Number	2020 $
Balance at beginning of year	**100,673,583**	**23,867,997**	**88,512,000**	**19,880,663**
Issued during the year:				
960,000 shares issued at $0.125 each from exercise of options in Jul 2019			960,000	120,000
322,586 shares issued at $1.05 each from Jul 2019 to Aug 2019			322,586	338,715
1,689,000 shares issued at $0.21875 each from exercise of options in Feb 2020			1,689,000	369,469
8,885,711 shares issued at $0.35 each from convertible notes conversion in May 2020			8,885,711	3,110,000
304,286 shares issued at $0.35 each in May 2020			304,286	106,500
15,981,941 shares issued at $0.35 each in Jul 2020	15,981,941	5,593,679		
6,519,294 shares issued at $0.60 each in Mar 2021	6,519,294	3,911,576		
13,932,809 shares issued at $0.60 each in Apr 2021	13,932,809	8,359,686		
Share issue costs[1]	-	(1,539,700)	-	(57,350)
Balance at end of year	**137,107,627**	**40,193,238**	**100,673,583**	**23,867,997**

[1] share issue costs include 1,600,000 shares issued to an underwriter at 35 cents each in July 2020, and 774,818 shares issued to a share placement agent at 60 cents each in April 2021 in lieu of cash fees.

(c) Options

30/06/2021	Opening Balance	Issued	Options Exercised	Options Lapsed	Closing Balance
ZEPOs (employees)[1]	5,588,795	2,508,689	-	(164,678)	7,932,806
Advisory options	640,000	-	-	-	640,000
	6,228,795	**2,508,689**	**-**	**(164,678)**	**8,572,806**

30/06/2020	Opening Balance	Issued	Options Exercised	Options Lapsed	Closing Balance
$0.125 options	1,280,000	-	(960,000)	(320,000)	-
$0.21875 options	1,984,000	-	(1,689,000)	(295,000)	-
ZEPOs (employees)[1]	1,440,000	4,148,795	-	-	5,588,795
Advisory options	640,000	-	-	-	640,000
	5,344,000	**4,148,795**	**(2,649,000)**	**(615,000)**	**6,228,795**

[1] ZEPOs are zero exercise price options

NOTE 18: RESERVES

	Consolidated	
	2021	2020
Share based payment reserve	**$**	$
Opening balance	3,384,065	774,866
Movement for the year	1,555,858	2,609,199
Closing balance for the year	**4,939,923**	**3,384,065**

NOTE 19: ACCUMULATED LOSSES

	Consolidated	
	2021	2020
	$	$
Accumulated losses at the beginning of the year	(14,259,207)	(7,009,325)
Losses for the year	(6,590,007)	(7,249,882)
Accumulated losses at the end of the year	**(20,849,214)**	**(14,259,207)**

NOTE 20: CONTROLLED ENTITIES

Name of Subsidiary	Place of Incorporation	2021	2020
		Interest (%)	**Interest (%)**
GP Land Holdings Pty Ltd	Australia	100	100
GPB Land Holdings Pty Ltd	Australia	100	-
GPF Land Holdings Pty Ltd	Australia	100	-

GP Land Holdings Pty Ltd was incorporated on 5 February 2018 in Western Australia. GPB Land Holdings Pty Ltd and GPF Land Holdings Pty Ltd were both incorporated on 3 July 2020. VHM Limited is the ultimate Australian parent entity and ultimate parent of the Group. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

NOTE 21: SHARE BASED PAYMENT

Incentive Option Plan

The Company adopted the 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.

Non-plan-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 capitalised under exploration expenditure in the Consolidated Statement of Financial Position,.

The charge for the reporting period is $1,555,858 (30 June 2020: $2,609,199) and relates to options over unissued shares.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year under and outside the Incentive Option Plan:

	2021 Number of Options	2021 Weighted average exercise price ($)
Outstanding at the beginning of the year	**6,228,795**	**0.0301**
Granted during the year	2,508,689	-
Exercised during the year	-	-
Lapsed during the year	(164,678)	-
Outstanding at the end of the year	**8,572,806**	**0.0219**
	2020 Number of Options	**2020 Weighted average exercise price ($)**
Outstanding at the beginning of the year	**5,344,000**	**0.1467**
Granted during the year	4,148,795	-
Exercised during the year	(2,649,000)	0.1847
Lapsed during the year	(615,000)	-
Outstanding at the end of the year	**6,228,795**	**0.0301**

During the year ending 30 June 2021, 2,250,672 zero exercise price options ("ZEPOs") were issued to a number of employees as a long-term incentive bonus with respect to their performance for the year ended 30 June 2020 (refer to note 17). These options have a 5-year life and vest if the holder remains in the Company's full-time employment on a continual basis up to 30 June 2023.

The following table lists the inputs to the Black-Scholes model used for the above ZEPOs:

	ZEPOs
Number	2,250,672
Volatility	100%
Risk-free interest rate	1.5%
Expected life of option	5 years
Vesting period	3 years
Exercise price	Nil
Last share price at grant date	$0.60

A further 258,017 ZEPOs were issued during the year to a small group of former employees as part of their redundancy package. These also have a 5 year term but vested immediately on grant. 164,678 options lapsed during the year.

NOTE 22: CASHFLOW INFORMATION

Reconciliation of cash flows from operating activities
With loss from ordinary activities after income tax:

	Consolidated	
	2021	2020
	$	$
Loss for the year	**(6,590,007)**	**(7,249,882)**
Add back non-cash items:		
Depreciation	153,586	168,357
Share based payment expense	829,879	1,930,682
Add back cash outflows classified as financing or investing:		
Borrowing and interest expense (financing outflow)	1,271,150	930,537
Loss on disposal of assets	1,010	
Changes in assets and liabilities:		
(Increase)/Decrease in operating receivables	33,143	114,158
(Increase)/Decrease in prepayments	(314,021)	11,983
Increase/(Decrease) in annual leave liability	173,863	13,907
(Increase)/Decrease in operating payables	101,397	375,833
Net cash from operating activities	**4,340,000**	**3,704,425**

In the current year the Group entered into non-cash financing activities as outlined in note 17 for the shares issued to the underwriter and broker for commission fees on capital raising, and non-investing activities as outlined in note 8 for the options issued to employees, directly engaged in exploration activities.

NOTE 23: SEGMENT INFORMATION

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 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were Key Management Personnel ("KMP") of the Group during the financial year.

Directors
Tim Lehany
Christopher Brown
Donald Runge
Samantha Tough
Dr Mark Bennett
Graham Howard
Michael Allen

Remuneration Philosophy

The Board reviews the remuneration packages applicable to the Executive Directors and Non-Executive Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages and structures was sought during the year.

There was no Remuneration Committee set up during the year and the Board as a whole was responsible for all remuneration matters.

Remuneration Structure

In accordance with best practice corporate governance, the structure of remuneration for Non-Executive Directors and Executive Directors is separate and distinct.

(a) Compensation Arrangements

Non-Executive Directors' Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution specifies that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by the shareholders in a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at a general meeting on 27 March 2018 when shareholders approved aggregate remuneration of $450,000 per year.

The Board reviews the remuneration packages applicable to the Non-Executive Directors on an annual basis. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The remuneration of the Non-Executive Directors for the financial year ended 30 June 2021 is detailed in Table 1 of this report.

From 1 July 2020 to 31 March 2021, the annualised fees for the Non-Executive Directors were $65,000 for the Non-Executive Chair, and $45,000 for the Non-Executive Directors as they had agreed to a 50% reduction in their fees in recognition of the COVID-19 pandemic. From 1 April 2021, the annualised fees reverted to $130,000 for the Non-Executive Chair and $90,000 for the Non-Executive Directors.

Executive Directors' Remuneration

Mr Graham Howard was appointed a director of the company on 12 August 2016 and was subsequently appointed the Managing Director and Chief Executive Officer from 1 March 2018. From 1 June 2019, his total fixed remuneration, including statutory superannuation, is $500,000 per annum with the exception of a 40% reduction in remuneration for the period from 1 April 2020 to 30 June 2020 due to the impact of COVD-19 pandemic. Either party may terminate the employment without cause by giving 6 months' notice, with no other termination benefits payable by the Company.

Mr Michael Allen was appointed a director of the company on 7 November 2017 and was subsequently appointed the Chief Financial Officer of the Company from 1 February 2018. From 1 June 2019, his total fixed remuneration, including statutory remuneration, is $375,000 per annum with the exception of a 40% reduction in remuneration for the period from 1 April 2020 to 30 June 2020 due to the impact of COVD-19 pandemic. Either party may terminate the employment without cause by giving 4 months' notice, with no other termination benefits payable by the Company.

(b) Details of Remuneration

Details of the remuneration of the Directors and other Key Management Personnel of the Company are set out in Table 1. Apart from the Directors of the Company, there are no Key Management Personnel of the Company identified. Detail of employment contracts with the Managing Director and the Finance Director are noted above.

Table 1 – KMP Remuneration for the financial year ended 30 June 2021 and 30 June 2020

	Short-term employee benefits			Equity		**Percentage of Remuneration as Options**
	Salary/Fees	**Superannuation/ Retirement Benefits**	**Cash Bonus**	**Value of Options**	**Total**	
Directors:	**$**	**$**	**$**	**$**	**$**	**%**
Tim Lehany						
2021	**74,201**	**7,049**	-	**-**	**81,250**	**-**
2020	103,881	9,869	-	-	113,750	-
Christopher Brown [1]						
2021	**22,500**	**-**	-	**-**	**22,500**	**-**
2020	78,750	-	-	-	78,750	-
Graham Howard						
2021	**478,306**	**21,694**	**74,813**	**354,819**	**929,632**	**38**
2020	431,097	21,003	-	270,031	722,131	37
Michael Allen						
2021	**353,306**	**21,694**	**54,731**	**268,852**	**698,583**	**39**
2020	318,597	20,796	-	206,823	546,216	38
Donald Runge						
2021	**51,370**	**4,880**	-	**-**	**56,250**	**-**
2020	71,918	6,832	-	-	78,750	-
Samantha Tough						
2021	**12,068**	**1,146**	-	**-**	**13,214**	**-**
2020	-	-	-	-	-	-
Dr Mark Bennett						
2021	**12,068**	**1,146**	-	**-**	**13,214**	**-**
2020	-	-	-	-	-	-
Key Management Personnel:						
2021	**1,003,819**	**57,609**	**129,544**	**623,671**	**1,814,643**	
2020	1,004,243	58,500	-	476,854	1,539,597	

[1] Christopher Brown's non-executive director fees were paid to William Buck (WA) Pty Ltd, a related entity of his.

(c) Share-Based Compensation

Non-Plan-Based Payment

Share Options

The Group makes share-based payments to Key Management Personnel from time to time, either under an Amended Incentive Option Plan (IOP) adopted in 2019 or on an ad hoc basis not under any specific plan. The IOP is designed to provide incentives, assist in the recruitment, reward and retention of officers, employees and other eligible participants. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefit.

The options are issued for nil consideration and in accordance with specific guidelines and offer terms formulated by the directors. The vesting period and terms, exercise price and the term of the options granted varies according to the Board's discretion.

Incentive Securities Granted as Part of Remuneration

Details of incentive securities (options over ordinary shares) in the Group affecting remuneration in the previous, current or future reporting dates are as follows:

Share-Based Compensation Key Management Personnel

2021 KMP name	Grant date	Vesting Date	Fair-value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options
G Howard	24 March 2021	30 June 2023	0.60	Nil	24 March 2026	423,938
M Allen	24 March 2021	30 June 2023	0.60	Nil	24 March 2026	310,144
2020						
KMP name	**Grant date**	**Vesting Date**	**Fair-value per option at grant date ($)**	**Exercise price per option ($)**	**Expiry date**	**Number of options**
G Howard	31 December 2019	30 June 2022	1.05	Nil	31 December 2024	634,375
M Allen	31 December 2019	30 June 2022	1.05	Nil	31 December 2024	465,208

734,082 options were issued to Key Management Personnel during the financial year ended 30 June 2021 (30 June 2020: 1,099,583).

No options were exercised by Key Management Personnel during the financial year ended 30 June 2021 (30 June 2020: 1,120,000).

Fair value of options granted

The fair values at grant date of options issued are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options. The model inputs for options granted are disclosed in note 21 of the financial statements.

Loans to Directors and Executives

During the financial year ended 30 June 2021, there were no loans provided to Directors and Executives (30 June 2020: Nil).

Shareholdings

The numbers of shares in the Company held during the financial year ended 30 June 2021 and 2020 by Key Management Personnel (all of whom are Directors), including shares held by entities they control, are set out below:

2021	Opening Balance	Options Exercised	Other Movements [1]	Balance on commencement or cessation of office	Closing Balance
T Lehany	2,176,000	-	-	N/A	2,176,000
C Brown	1,184,000	-	30,000	(1,214,000)	N/A
G Howard	4,128,000	-	3,515	N/A	4,131,515
M Allen	384,000	-	-	N/A	384,000
D Runge	3,712,000	-	786,287	N/A	4,498,287
Dr Mark Bennett	N/A		-	480,000	480,000
Samantha Tough	N/A	-	-	-	-

2020	Opening Balance	Options Exercised	Other Movements [1]	Closing Balance
T Lehany	1,856,000	320,000	-	2,176,000
C Brown	1,184,000	160,000	(160,000)	1,184,000
G Howard	3,936,000	320,000	(128,000)	4,128,000
M Allen	384,000	-	-	384,000
D Runge	3,392,000	320,000	-	3,712,000

[1] Other movements relate to private sales and purchases or other acquisitions and disposals.

Option holdings

The number of options over ordinary shares in the Company held during year ended 30 June 2021 and 2020 by Key Management Personnel (all of whom are Directors), including options over ordinary shares held by entities they control, are set out below:

2021	Opening Balance	Received as Remuneration	Options Exercised	Closing Balance
G Howard	1,018,375	423,938	-	1,442,313
M Allen	817,208	310,144	-	1,127,352

2020	Opening Balance	Received as Remuneration	Options Exercised	Closing Balance
T Lehany	320,000	-	(320,000)	-
C Brown	160,000	-	(160,000)	-
G Howard	704,000	634,375	(320,000)	1,018,375
M Allen	352,000	465,208	-	817,208
D Runge	320,000	-	(320,000)	-

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, held positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

- Right Solutions Australia Pty Ltd ("Right Solutions), a company in which Mr Graham Howard had a beneficial interest up to April 2021, has provided management and technical services to the Company. Total fees of $1,501,002 were paid or were payable to Right Solutions for the financial year (June 2020: $1,344,109). As at 30 June 2021, an amount (net of GST) of $330,925 (June 2020: $150,325) was outstanding to Right Solutions.

- The Howard Family Trust, a trust in which Mr Graham Howard has a beneficial interest, has provided the rental of office space as well as associated office amenities to the Company. Total fees of $27,600 (June 2020: $27,600) was paid or payable to the Howard Family Trust. As at 30 June 2021, no amount (June 2020: $4,600) was outstanding to the Howard Family Trust.

- William Buck (WA) Pty Ltd, a company in which Mr Christopher Brown has a beneficial interest did not provide any corporate and professional advisory services during the year ended 30 June 2021 (June 2020: $208,967). William Buck Financial Services (WA) Pty Ltd, a company in which Mr Christopher Brown has a beneficial interest charged $67,499 (June 2020: $57,350) for commission fees on capital raising during the year ended 30 June 2021. As at 30 June 2021, no amount (June 2020: $80,550) was outstanding to these two entities.

The following were Key Management Personnel of the Company at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire year:

Non-Executive Directors	**Executive Directors**
Tim Lehany	Graham Howard
Christopher Brown (up to 31 December 2020)	Michael Allen
Donald Runge	
Samantha Tough (from 9 May 2021)	
Dr Mark Bennett (from 9 May 2021)	

The Key Management Personnel compensation included in 'employee benefits expense' is as follows:

	2021	2020
	$	$
Short-term employee benefits	1,133,362	1,004,244
Post-employment benefits	57,611	58,500
Share-based payments	623,671	476,854
	1,814,644	**1,539,598**

NOTE 25: PARENT ENTITY DISCLOSURES

	2021	2020
	$	$
Financial Position		
Current assets	11,378,816	508,173
Non-current assets	17,305,418	17,533,304
Total assets	28,684,234	18,041,477
Current liabilities	6,374,787	3,644,195
Non-current liabilities	5,889	75,851
Total liabilities	6,380,076	3,720,046
Net Assets	**22,303,558**	**14,321,431**
Equity		
Issued capital	40,193,235	23,867,997
Reserves	4,939,923	3,384,066
Accumulated losses	(22,829,600)	(12,930,632)
	22,303,558	**14,321,431**
Financial performance		
Loss for the year[1]	(9,898,968)	(6,453,705)

[1]. Under the AASB 9, management has determined that $4,316,797 of intercompany loans due to the parent entity by the subsidiaries are fully impaired and thus recognised as losses by the Parent entity.

Contingent liabilities of the parent entity

As at 30 June 2021 VHM Limited has no contingent liabilities (2020: $Nil)

NOTE 26: COMMITMENTS AND CONTINGENCIES

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:

	2021	2020
	$	$
Within one year	4,952,280	5,048,880
Later than a year but not later than five years	5,935,630	6,980,140
Later than five years	-	-
Total	**10,887,910**	**12,029,020**

NOTE 27: FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The activities of the Group expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group employs different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other price risks and ageing analysis for credit risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(a) Market Risk

Interest Rate Risk

The Group may be exposed to interest rate risk through financial assets and liabilities. The risk is measured using sensitivity analysis and cash flow forecasting.

At 30 June 2021, if interest rates had increased/decreased by 100 basis points from the weighted average effective rate for the year, with other variables constant, the (loss)/profit for the year would have been $53,108 lower (June 2020: $12,852)/ $53,108 higher (June 2020: $12,852).

None of the financial assets and financial liabilities are readily traded on organised markets in standardised form. The carrying amounts of financial assets and financial liabilities are materially in line with their fair values.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

NOTE 27: FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

The following table summarises interest rate risk for the Group, together with effective interest rates as at balance date.

2021	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 year	Non-interest Bearing	Total
		$	$	$	$	$
Financial Assets						
Cash and cash equivalents	0.03%	10,741,087	-	-	133,513	10,874,600
Other receivables		-	-	-	183,864	183,864
Total Financial Assets		**10,741,087**	**-**	**-**	**317,377**	**11,058,464**
Financial Liabilities						
Trade and other payables		-	-	-	1,851,476	1,851,476
Borrowings		-	589,770	-	-	589,770
Convertible notes		-	-	4,150,487	-	4,150,487
Lease liabilities		-	75,852	-	-	75,852
Land acquisition liability		-	-	8,117,010	209,220	8,326,230
Total Financial Liabilities		**-**	**665,622**	**12,267,497**	**2,060,696**	**14,993,815**

2020	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 year	Non-interest Bearing	Total
		$	$	$	$	$
Financial Assets						
Cash and cash equivalents	0.14%	190,744	-	-	141,797	332,541
Other receivables		-	-	-	3,285,194	3,285,194
Total Financial Assets		**190,744**	**-**	**-**	**3,426,991**	**3,617,735**
Financial Liabilities						
Trade and other payables		-	-	-	1,379,259	1,379,259
Borrowings		-	1,952,836	-	-	1,952,836
Convertible notes		-	44,093	-	-	44,093
Lease liabilities			106,553	75,852	-	182,405
Land acquisition liability		-	6,632,580	-	513,920	7,146,500
Total Financial Liabilities		**-**	**8,736,063**	**75,852**	**1,893,179**	**10,705,093**

NOTE 27: FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(b) Credit Risk Exposures

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and financial instruments.

As the Group is exclusively involved in exploration rather than trading there is currently very little credit risk. For banks and financial institutions, only reputable institutions with sound financial positions are dealt with.

(c) Liquidity and Capital Risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objective when managing the Group's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt/equity ratio but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements. Whilst the Group is in an exploration phase, it is unlikely to operate with debt capital, although this may change as projects become more advanced.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The risk is measured using sensitivity analysis and cash flow forecasting. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring its forecasted and actual cash flows.

If the Group anticipates a need to raise additional capital in the next 12 months to meet forecast operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(d) Fair Value Estimation

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 28: EVENTS SUBSEQUENT TO BALANCE DATE

The Company lodged the tax return for the year-ended 30 June 2021 on 29 October 2021 which includes provision for a refund of $3.04 million for Research and Development expenditure. This amount has not been recognised in the Financial Statements.

Apart from the above there are no matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of VHM Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of VHM Limited for the financial period ended 30 June 2021 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date;

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(iii) complying with International Financial Reporting Standards

(b) there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Graham Howard
Managing Director

10 November 2021
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT
To the members of VHM Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VHM Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of VHM Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of their financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
10 November 2021

N G Neill
Partner