

4 January 2023

VHM Limited
Pro forma statement of financial position

As requested in ASX Limited's conditional admission letter, VHM Limited sets out below an updated pro forma statement of financial position based on the actual amount of funds raised under the Prospectus (A\$30 million). VHM Limited advises that the following accounts are wholly consistent with those set out in the prospectus in respect of the maximum oversubscription case.

Historical Statutory Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2022

As at 30 June 2022	Adjustment	VHM	Pro forma
\$'000	reference	Audited	(\$30m fund raising)
Current assets			
Cash and cash equivalents	3, 5, 6, 7, 10 & 11	24,366	46,982
Other receivables	6 & 11	532	766
Prepayments	11	376	74
Deposits		31	31
Total current assets		25,305	47,854
Non current assets			
Deferred exploration expenditure	4	27,217	25,798
Property, plant and equipment, net ROUA	5 & 6	10,733	14,623
		5	5
Total non current assets		37,955	40,426
Total assets		63,260	88,280
Current liabilities			
Trade and other payables		3,637	3,637
Land acquisition liabilities	5	1,046	3,467
Convertible notes	1 & 8	349	-
Provision for AL		395	395
Total current liabilities		5,427	7,499
Non current liabilities			
Convertible notes	2 & 9	34,073	-
Land acquisition liabilities		6,416	6,416
Total non current liabilities		40,489	6,416
Total liabilities		45,916	13,915
Net assets		17,344	74,365
Equity			
Issued capital	3, 4, 8, 9, 10 & 11	41,287	104,171
Share based payment reserves		5,638	5,638
Retained losses	1, 2, 7 & 11	(29,581)	(35,443)
Total equity		17,344	74,365

Note: Adjustments references are set out in detail in the Supplementary Prospectus dated 5 December 2022.

- (a) Other receivables primarily relate to the GST and government subsidy receivables;
- (b) Prepayments mainly comprise the prepaid insurance and other prepaid operating expenses;
- (c) Deposits represent term deposits as security for a bank guarantee, as well as the deposits paid to the landlords for the various related premises;
- (d) Deferred exploration expenditure refers to the capitalised exploration costs;
- (e) PPE primarily consists of the land acquisition, computer and office equipment, fixtures and fittings and motor vehicles;
- (f) Trade and other payables represent trade creditors, accruals, and payroll related payables;
- (g) Land acquisition liabilities (current and non current) refers to the outstanding amount payable for the four land acquisitions;
- (h) Radium Capital provided R&D loans to the Company to finance the eligible R&D expenditure which are included in borrowings. These loans are secured by the future anticipated R&D refund with an interest rate of 14% per annum;

(i) As at 30 June 2022, convertible notes (current and non current) represent the 2021 convertible notes of 35 convertible notes, each with a face value of \$10,000 being issued to fund the Company's operations in FY21, as well as 3,184 convertible notes (pre-IPO capital raising) with a face value of \$10,000 being issued in FY22, and part of the 2021 convertible notes (334 convertible notes) converted to the new convertible notes in FY22; and

(j) Issued capital increased significantly in FY21, due to the Company issuing 15,981,941 ordinary Shares at \$0.35 per share in July 2020 and issuing 20,452,103 Shares at \$0.60 per share in March and April 2021, which is offset by issue costs of \$1.5 million. The increase in issued capital in FY22 was primarily due to 1,850,815 ZEPOs being exercised in August 2021 and 182,831 Shares being issued to the NEDs in June 2022 in lieu of the sign on bonus and director fees.

The following transactions and events had not occurred prior to 30 June 2022 but have taken place or will take place on or before the Allotment Date. The financial information in the table above assumes that they occurred on or before 30 June 2022.

In addition, the following subsequent events and pro forma transactions will take place pursuant to the Offer:

Subsequent events:

1. Interest expense accrued and capitalised on the existing convertible notes (with a face value of \$350,000) for the period from 1 July up to the lodgement date, amounting to \$15,000;
2. Interest expense accrued on the pre-IPO convertible notes (with a face value of \$31.8 million) with an annual interest rate of 10% for the period from 1 July up to the lodgement date, amounting to \$1.5 million;
3. A previous advisor exercised 320,000 options at an exercise price of \$0.22 and 320,000 options at an exercise price of \$0.38 prior to the IPO, with a fair value of \$190,000;
4. VP Minerals was incorporated to acquire the gold exploration licences for an agreed consideration of \$1.4 million (payable in Shares), together with the aggregate amount of expenditure incurred by VHM from 1 January 2022 to the completion date and was subsequently demerged from the VHM Group by way of an in-specie distribution through an equal capital reduction. At the end of May 2022, Shareholders voted (by way of poll) in favour of the demerger of VP Minerals. On 18 July 2022, the 4 existing exploration licenses were approved for transfer and registered in the name of VP Minerals. The demerger of VP Minerals was completed in August 2022.;
5. An expected acquisition of new land, amounting to \$2.7 million, of which, a deposit of \$269,000 will be paid prior to the IPO and the remaining amount to be paid in two instalments within six months of the date of execution of the agreement (pending);
6. Acquisition of the Kerang warehouse amounting to \$1.2 million (plus GST), completed in October 2022; and
7. The compensation paid to a landowner in August 2022 for a new residence during the operational period, amounting to \$2 million.

Pro forma transactions:

8. The conversion of the remaining 2021 Notes, with a face value of \$350,000 (excluding the capitalised interest) at a conversion price of \$1.08 (a 20% discount to the IPO price), into 324,074 ordinary Shares, and which is a cashless conversion.;
9. The conversion of the 2022 Notes, with a face value of \$31.8 million, together with the rolled-over 2021 Notes of \$3.3 million (excluding the capitalised interest) at a conversion price of \$1.0125 (a 25% discount to the IPO price), into 34,745,679 ordinary Shares, and which is cashless conversion.;

In relation to the IPO Offer, the following transactions will occur:

10. The completion of the IPO Offer, raising \$30 million (22,222,222 ordinary Shares) at \$1.35 each; and
11. Total expenses (cash and non cash) associated with the \$30 million Offer are estimated to be \$4.4 million, with \$1.8 million being capitalised and \$2.5 million being expensed and a GST credit of \$115,000. As at 30 June 2022, \$446,000 of the Offer costs had been prepaid.

This announcement has been approved by the Board.

For Further Information Contact:

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