FOSTER STOCKBROKING

EQUITY RESEARCH

Materials

4 August 2025

Viridis Mining and Minerals Ltd (VMM.ASX)

Attractive PFS and strategic funding pave way to production

Event:

- **PFS review; Equity placement; PT change.**

Investment Highlights:

- **Stronger PFS metrics.** VMM's Colossus PFS upgrades key metrics vs the February 2025 scoping study (SS), maintaining a 5Mtpa plant targeting 9.4ktpa REO (3.5ktpa MREO) over 20 years from 2028. At US$90/kg NdPr, post-tax NPV_8 rises 5% to US$899M and IRR lifts to 34% (from 31%) with a fast 2-year payback.

- **NPV/capex improves to 2.5x**. Capex drops 4% to US$358M, lowering capex intensity to US$72/t (from US$75/t) and boosting NPV/capex to an attractive 2.5x (from 2.3x). The improvement stems mainly from reduced import taxes (US$40M vs US$56M) via partial state-level tax relief, and a lower contingency (25% vs 30%) reflecting greater confidence in cost estimates. This offsets higher direct costs (US$185M vs US$167M), driven by detailed engineering and design adjustments to enhance operations and meet environmental standards.

- **Low cost for long-life operation**. Unit cost was slightly up by 3%, with C1 cost lifted to US$6.20/kg TREO (from US$6.00/kg) and US$16.60/kg MREO (from US$16.20/kg), largely due to more detailed vendor quotes. The PFS replaces the SS's conservative opex risk margin with real June 2025 quotes, enabling a more accurate view of operating cashflows. Colossus remains firmly in the lowest cost quartile globally. More upside from pending federal incentives.

- **Robust economics even at spot.** Colossus remains cash-generative even at weak spot prices, delivering US$128M in annual operating cash flow and a 3-year payback at US$63/kg NdPr. It stays cash-positive down to US$50/kg, highlighting strong price resilience. Further upside remains with the PFS only reflecting 13% of the land and 20% of the Resource.

- **Commissioning targeted for 2028**. Preliminary Licence is expected this quarter, with Construction Licence by May 2026 and Operating Licence in late 2H 2027. We assume FID by 2H 2026 and first production by 2H 2028.

- **Key strategics to provide funding**. VMM's $11.5M equity raise lifts pro-forma cash to ~$13M, funding FID workstreams: demo plant, drilling, permitting, and DFS. Cornerstoned by JGP Asset Management ($5M), the raise follows a binding MOU on staged placement pathway (US$30M) with ORE Investments and Regia Capital. VMM is also shortlisted for BNDES/FINEP's R$5b (US$903M) program.

Earnings and Valuation:

- **Share valuation rises to $2.64 (0.5x NPV_{10} nominal)** from $1.77 mainly on lower capex, increase in our long-term NdPr price to US$104/kg from US$97/kg and lower risk factor of Colossus as a result of the PFS, offset partially by equity dilution post-placement and higher operating costs.

Recommendation:

- **We maintain our Buy, increasing our 12-month price target to $2.64** from $1.77 based on valuation. Catalysts: 1) Resource upgrade; 2) DFS; 3) Preliminary licence; 4) demo plant; and 5) Offtakes/financing.

Disclosures

Foster Stockbroking, staff, and Cranport own 1.4% of VMM's shares on issue.
Foster Stockbroking earned fees from its role as Joint Lead Manager to the $11.5M placement at $0.91 in July 2025; $3.5M placement at $0.33 in February 2025, and $4M placement at $0.52 in October 2024.

Recommendation	**Buy**
Previous	Buy
Risk	High
Price Target	**$2.64**
Previous	$1.77
Share price (A$)	**$1.06**
ASX code	VMM
52 week low-high	$0.18-1.19
Valuation - risked (A$/share)	**$2.64**
Methodology	NPV10
Capital structure	
Shares on Issue (M)	99
Market cap (A$M)	105
Estimated current net cash (debt) (A$M)	13
Diluted EV (A$M)	92
Ave daily volume ('000)	323
Substantial shareholders	**%**
Sufian Ahmad	7.8%
Bilal Ahmad	6.1%
Agha Pervez	5.8%
Ionic Rare Earths Ltd	3.2%
Board	
Agha Pervez	Executive Chairman
Rafael Moreno	MD/CEO
Jose Guedes	Non-Executive Director
Christopher Gerteisen	Non-Executive Director
Timothy Harrison	Non-Executive Director
Faheem Ahmed	Non-Executive Director

Share price graph

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Viridis Mining and Minerals (VMM)

Full Year Ended 30 June

Profit and Loss A$M	2024a	2025e	2026e	2027e
Revenue	0	0	0	0
Operating costs adj.	7	7	3	3
EBITDA adj.	**-7**	**-8**	**-4**	**-4**
D&A	0	0	0	0
EBIT adj.	**-7**	**-8**	**-4**	**-4**
Net Interest exp / (income)	0	0	0	0
PBT adj.	**-7**	**-8**	**-4**	**-4**
Tax exp / (benefit) adj.	0	0	0	0
NPAT adj.	**-7**	**-8**	**-4**	**-4**
Non-recurring items	-1	0	0	0
NPAT reported	**-8**	**-8**	**-4**	**-4**
EPS diluted adj. (c)	**-14.03**	**-12.44**	**-5.43**	**-4.74**

Cashflow A$M	2024a	2025e	2026e	2027e
EBITDA adj.	-7	-8	-4	-4
Change in WC	-2	-1	-1	-1
Tax	0	0	0	0
Net interest	0	0	0	0
Share based expense	0	0	0	0
Other	7	7	10	30
Operating Cashflow	**-2**	**-2**	**5**	**25**
Capex	0	0	0	0
Exploration	-11	-5	-4	-5
Investments	0	0	0	0
Acquisition	0	-3	0	0
Other	0	0	0	0
Investing Cashflow	**-11**	**-8**	**-4**	**-5**
Equity issue	17	13	19	20
Debt repayments	0	0	0	0
Debt borrowed	0	0	0	0
Other	0	-1	-1	-11
Financing Cashflow	**17**	**13**	**18**	**9**
Net Cashflow	**4**	**3**	**17**	**29**

Balance Sheet A$M	2024a	2025e	2026e	2027e
Cash	5	4	21	50
Receivables	0	0	0	0
Inventories	0	0	0	0
PPE	0	0	0	0
Other	16	19	14	0
Total Assets	**22**	**23**	**36**	**51**
Accounts payable	1	2	2	1
Provisions	0	0	0	0
Debt	0	0	0	0
Other	0	12	1	5
Total Liabilities	**1**	**14**	**4**	**7**
Capital & reserves	53	41	60	80
Retained earnings	-32	-32	-28	-36
Total Equity	**21**	**9**	**32**	**44**

Company Valuation				
DCF, WACC 10% nominal				
	Unrisked	**Unrisked**	**Risked**	**Risked**
Segment	**A$M**	**A$/sh**	**A$M**	**A$/sh**
Colossus 5Mtpa Scoping Study	1,942	$3.64	1,000	$1.87
Colossus - remaining resources - delta	402	$0.75	80	$0.15
Other exploration projects	9	$0.02	2	$0.00
Expansion to 10Mtpa - delta	397	$0.74	79	$0.15
Corporate	-67	-$0.12	-67	-$0.12
Net Cash	13	$0.02	13	$0.02
Future equity	302	$0.57	302	$0.57
Cash from options	1	$0.00	1	$0.00
Total	**3,000**	**$5.62**	**1,411**	**$2.64**

Shares on issue	99	99
Future shares	228	426
Performance rights	7	7
Options	2	2
Diluted shares	**336**	**534**

Commodity Assumptions		2024a	2025e	2026e	2027e
Prices:					
NdPr	US$/kg	64	79	94	101
Dy_2O_3	US$/kg	274	288	325	391
Tb_4O_7	US$/kg	944	1,054	1,179	1,262
TREO Basket	US$/kg	23	27	32	34
MREO Basket	US$/kg	20	24	29	31
NdPr Basket	US$/kg	16	19	23	25
A$	US$	0.65	0.64	0.66	0.67

JORC Resources	Ore	TREO	NdPr	Dy_2O_3	Tb_4O_7
Colossus - REE	Mt	ppm	ppm	ppm	ppm
Total	493	2,508	571	26	5

Capital structure	M
Shares on issue	99
Performance rights	7
Options	2
Diluted shares	**108**

Source: Company; Foster Stockbroking estimates

COLOSSUS PFS

Net positive vs scoping: higher NPV, low opex, attractive capex

- PFS for Colossus marks an upgrade over the February 2025 Scoping Study, with stronger bottom-line economics. As shown in Figure 1, the PFS delivers higher value while retaining the 5Mtpa plant design, targeting 9.4ktpa REO (3.5ktpa MREO) over a 20-year life starting 2028.

- Key positive changes from the PFS include a 5% lift in post-tax NPV_8 to US$899M from US$859M, IRR rising to 34% from 31% and generating annual operating cashflow (ex-capex) of US$197M (+53%) — all while reducing capex by 4% to US$358M from US$373M.

- Similar to SS, the PFS examined Colossus economics across three price scenarios:
  (1) Spot Case at US$63/kg NdPr, showing robust free cash flow even at cyclical lows;
  (2) conservative Base Case at US$90/kg NdPr, aligned with Project Blue's 2028 forecast and below typical peer assumptions; and
  (3) Upside Case at US$111/kg NdPr, based on the average REE price from Project Blue's 2028–2034 forecast, highlighting significant upside if the market tightens further.

- Consistent with the SS, the PFS mine plan is based on 98.5Mt of Resources (0.7% Measured, 99.3% Indicated) sourced solely from the Northern concessions and Cupim South — just 20% of Colossus's total 493Mt Resource @ 2,508ppm TREO (24% MREO). The upgraded January Resource includes an Inferred component, which was excluded from the study. The PFS also does not cover other key areas such as Tamoyos, Ribeirão, and Capão da Onça.

Figure 1: Colossus PFS at US$90/kg

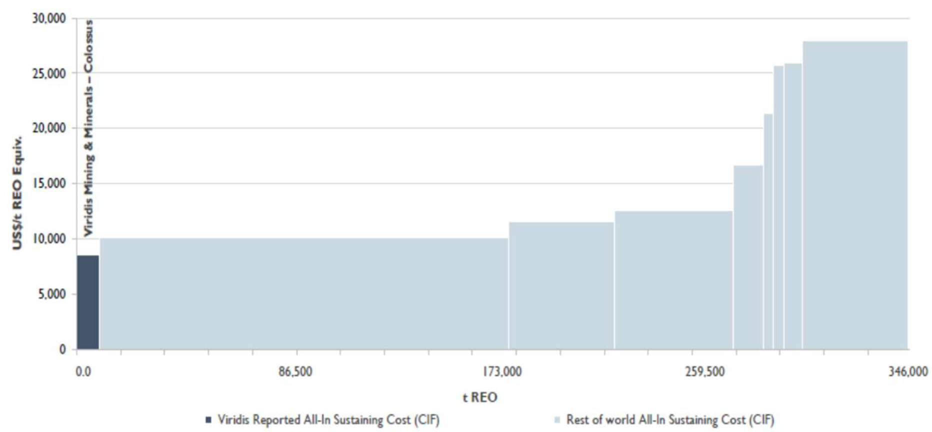
Parameter	Unit	*Scoping Feb 2025*	**PFS Jul 2025**	*PFS vs Scoping*
Life of mine	Years	*20*	**20**	*0%*
Commodities:				
NdPr ave. LOM	US$/kg	*90*	**90**	*0%*
MREC Basket price	US$/kg	*43*	**43**	*0%*
MREC Payability	%	*70%*	**70%**	*0%*
Mining and production:				
Strip ratio	x	*0.4*	**0.4**	*0%*
Mine inventory	Mt	*99*	**99**	*0%*
Ore processed:	Mtpa	*5*	**5**	*0%*
TREO head grade	ppm	*3,383*	**3,380**	*0%*
MREO recovery	%	*76%*	**76%**	*0%*
TREO contained ave.	ktpa	*9.4*	**9.4**	*0%*
NdPr contained ave.	ktpa	*3.4*	**3.4**	*0%*
DyTb contained ave.	tpa	*141*	**145**	*3%*
Financials:				
Sales average	US$M pa	*282*	**282**	*0%*
C1 operating cost	US$/kg TREO	*6.0*	**6.2**	*3%*
C1 operating cost	US$/kg MREO	*16.2*	**16.6**	*2%*
AISC	US$/kg TREO	*8.8*	**9.3**	*6%*
Pre-production capex (5Mtpa)	US$M	*373*	**358**	*-4%*
NPV post-tax*	US$M	*859*	**899**	*5%*
*Discount rate		*8%*	**8%**	*n/a*
NPV/capex	x	*2.3*	**2.5**	*9%*

Source: Company; Foster Stockbroking estimates.

Capex and opex remains attractive

- Capex overall lower at US$358M (-4%), implying lower capex intensity of US$72/t (from US$75/t) and boosting NPV/capex to an attractive 2.5x (from 2.3x). The improvement stems mainly from reduced import taxes (US$40M vs US$56M) via partial state-level tax relief, and a lower contingency (25% vs 30%) reflecting greater confidence in cost estimates. This offsets higher direct costs (US$185M vs US$167M), driven by detailed engineering and design adjustments to enhance operations and meet environmental standards.
- Unit cost was up but only around 3%, with C1 cost lifted to US$6.20/kg TREO (from US$6.00/kg) and US$16.60/kg MREO (from US$16.20/kg), largely due to more detailed vendor quotes. The PFS replaces the SS's conservative opex risk margin with real June 2025 quotes, enabling a more accurate view of operating cashflows and contributing to a 53% jump in annual operating cashflow (ex-capex) to US$197M. Colossus remains firmly in the lowest cost quartile globally and among the leading REE projects ex-China.
- AISC is estimated at just US$9.30/kg TREO (from US$8.80/kg), underpinning long-term margin resilience. Fiscal optimisation adds further value, with VMM securing state-level tax exemptions and deferrals, while additional federal incentives are under negotiation — further enhancing project returns.
- Colossus remains cash-generative even at weak spot prices, delivering US$128M in annual operating cash flow and a 3-year payback at US$63/kg NdPr. It stays cash-positive down to US$50/kg, highlighting strong price resilience.
- Mining will start in the Northern Concessions, close to the central plant, avoiding early investment in long-haul roads and enabling early cost optimisation. The first five years will target high-grade MREO pits near the plant, maximising cash flow and accelerating payback. Later, operations will expand into the Southern Complex (Cupim South) to optimise resource use and enhance flexibility. VMM has also adopted in-pit backfilling from the outset, eliminating the need for tailings dams and large waste dumps — reducing the surface footprint and long-term environmental liabilities.

Figure 2: Rare earth industry cost curve for February 2025



Source: Project Blue Consulting.

Optimisation

- Further improvement opportunities ahead, including potential Resource growth, as the current Resource covers just 13% of its land and 20% of the Resource. The most advanced opportunity is the high-grade Centro Sul and Tamoyo deposit – which may extend mine life >20 years and/or expanding mining rate (e.g. 10Mtpa). VMM is also optimising the flowsheet to enhance efficiency and further reduce the capex and opex.

KEY STRATEGICS TO PROVIDE FUNDING

Binding MoU for funding from ORE and Regia Capital

- VMM secured a landmark strategic partnership with Brazil's leading financial institutions, ORE Investments and Régia Capital, via a binding MoU for up to US$30M (A$46M) in staged, non-brokered equity funding to support Colossus through FID and into early execution. The structure provides capital flexibility across four tranches over 36 months, beginning with an initial US$5M injection at A$0.91/share later this year.

- With Colossus' strong PFS now released, the company is well-positioned to attract further strategic funding from other sources as well amid rising geopolitical urgency around critical minerals, recently reinforced by Trump's tariffs. The PFS boosts its appeal to corporates and governments seeking secure, low-cost REE supply outside China.

- VMM also recently raised A$11.5M at A$0.91/share, boosting its pro forma cash to ~A$12.7M and fully funding it through to FID. The raise attracted strong institutional support, including a A$5M cornerstone investment from Brazil's JGP Asset Management, reinforcing confidence in Colossus.

- The ORE Investment/Regia Capital partnership brings not only capital depth but also in-country expertise, ESG alignment, and strong regulatory networks, significantly de-risking the development pathway. VMM retains full financing optionality while gaining access to Brazil's top-tier mining and investment circles, positioning the company to accelerate permitting, the MREC demonstration plant, DFS, and early-stage execution with minimal dilution and strong strategic backing.

- VMM and its JV entity Viridion have also been selected by Brazil's top development agencies, BNDES and FINEP, to progress under a Joint Support Plan (PSC) — a major endorsement unlocking potential access to Brazil's US$903M strategic minerals fund. This selection, based on Colossus's strong PFS economics, and downstream integration via patented IXR technology, positions VMM to negotiate a tailored funding package that may include grants, debt, and equity. The funding will accelerate Colossus' development and downstream refining, with VMM also eligible for Brazil's additional US$542M innovation pool aimed at value-added critical minerals, unlocking further non-dilutive capital pathways.

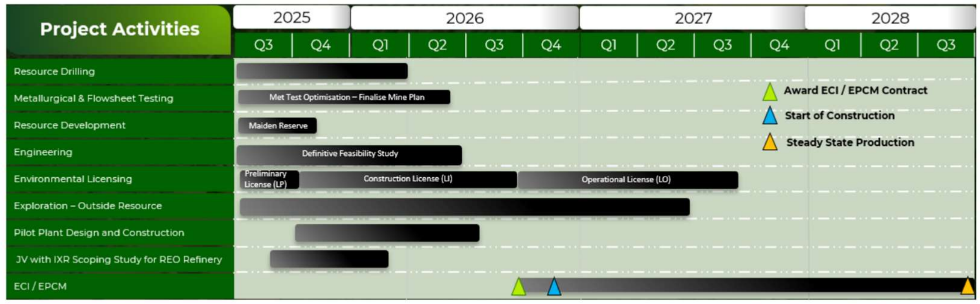
- Meanwhile, VMM continues to actively engaging strategic offtakers and financiers, including export credit agencies, targeting a funding mix of strategic equity and debt from mining corporates and government-linked entities like the US DoE and DoD, with the PFS expected to accelerate these discussions. US rare earths interest remains strong, highlighted by MP Materials' recent DoD partnership.

TIMELINE

Commissioning targeted 2H 2028

- VMM is expecting to receive Preliminary Licence this quarter, with Construction Licence by May 2026 and Operating Licence in late 2H 2027. We assume FID by 2H 2026 and first production by 2H 2028. Other key milestone for VMM is a Resource upgrade with maiden Reserve and completion of the DFS by 2H 2026.

Figure 3: Colossus Timeline



Source: Company.

VALUATION

Increased to $2.64 from $1.77

- Our risked VMM share valuation (0.5x NPV_{10} nominal) is increased to $2.64 from $1.77, mainly due to lower capex and increase in our long-term NdPr price forecast to US$104/kg from US$97/kg, partially offset by higher equity dilution assumptions and higher unit operating costs and reducing our risk factor of Colossus as a result of the PFS.

Figure 4: VMM Valuation

Segment	Unrisked A$M	Unrisked A$/sh	Risked A$M	Risked A$/sh
Colossus – 5Mtpa, 20 Yr LOM	1,949	$3.73	980	$1.88
Mining other Resources – delta	402	$0.77	80	$0.15
10Mtpa expansion - delta	390	$0.75	78	$0.15
Corporate & working capital	-67	-$0.13	-67	-$0.13
Net cash	13	$0.02	13	$0.02
Future equity	294	$0.56	294	$0.56
Cash from options	1	$0.00	1	$0.00
Total	**2,992**	**$5.72**	**1,382**	**$2.64**
Shares on issue			99	
Future shares*			414	
Performance shares			3	
Performance rights			4	
Options			2	
Diluted shares			**523**	

**Risked assumes raised at near current share price.*
Source: Foster Stockbroking estimates

RECOMMENDATION

Maintain Buy, 12-month price target increased to $2.64 from $1.77

- We maintain our Buy on VMM, increasing our 12-month price target to $2.64 from $1.77, based on our risked valuation of 0.5x NPV_{10} nominal.
- We see key catalysts for the stock including: 1) Resource upgrade; 2) DFS; 3) Preliminary licence; 4) demo plant; and 5) Offtakes and financing.

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Specific disclosure: The analyst has received assistance from the company in preparing the report, including reviewing it for factual accuracy.

Specific disclosure: Foster Stockbroking earned fees from its role as Joint Lead Manager to the $11.5M placement of VMM shares at $0.91 in July 2025; the $3.5M placement at $0.33 in February 2025; and the $4M placement at $0.52 in October 2024.

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Review disclosure: The report was authored by the analyst named on the front page of the report and was reviewed and checked by Mark Fichera, Head of Research.

Disclosure review. All the disclosures in the report have been reviewed and checked by Keith Quinn, Compliance.