ASX: VTM PFS DELIVERED · TARGET RAISED

Victory Metals

A$1.21 billion of after-tax value for A$155 million of capital, with a maiden Ore Reserve behind it

* Raised from A$3.50. Post-tax NPV of A$1.21b risked at 45%. Valuation on page 5.

RATING
BUY
reiterated

PRICE TARGET
A$5.20*
from A$3.50

VALUE AFTER TAX	COST TO BUILD	RETURN	IN THE PRICE
A$1.21b	**A$155m**	**240%**	**17%**
Post-tax NPV, 8% real	Was A$337m at scoping	Post-tax IRR, 1.5yr payback	Market cap vs that NPV

WHERE WE STAND

We initiated on Victory Metals in March with a BUY and a A$3.50 target, on one condition: that the Pre-Feasibility Study turn a A$1.2 billion concept-level valuation into a project an engineer had costed and a lender could fund. The study has done that, and the capital number came in at less than half what we had underwritten.

We raise our target to A$5.20 and reiterate BUY. The share price has not moved with the evidence: at A$1.545 the market values the whole company at 17% of the after-tax value the study attributes to the project, and at less than one and a half times what the plant would cost to build.

A Pre-Feasibility Study is the point at which a project stops being a concept and becomes a plan engineers put their names to. Mincore built the plant and infrastructure estimate; MEC engineers costed the mining, wrote the schedule and took formal responsibility for the reserve. The next stage refines those numbers rather than reopening the question. What remains is execution: permits, funding and a customer contract.

WHY THIS SHOULD RE-RATE

01 **The project is now small enough to fund.** A$155 million is a number this company can realistically raise. The US EXIM letter of interest already on the table, for up to US$190 million (about A$275 million), is roughly 1.8 times the entire build cost. Part of the reason the figure is so low is structural rather than optimistic: the mining fleet, the power station and the accommodation camp are contracted in and paid through operating costs instead of up front. Funding was the central objection to this thesis. It is now one workstream among several rather than the question the story turns on.

02 **The production plan is backed by reserves, not estimates.** A maiden 47.0Mt Probable Ore Reserve now underpins 100% of the mine plan, with no lower-confidence material carried in the schedule and independent sign-off on the mining assumptions. That is the standard a bank lends against, and Victory did not have it a month ago. It also draws on only about 17% of what has been found so far, so a twenty-year mine life is where this project starts rather than where it ends.

03 **The valuation is struck on cautious prices, not hopeful ones.** The study assumes it is paid for only 65% of the metal it produces, and then prices yttrium 61% and hafnium 36% below independent forecasts. The A$1.21 billion is what the project earns on de-rated assumptions, which is why we treat it as a floor rather than a best case. The leverage from here is asymmetric: on the company's own numbers a 10% better basket lifts pre-tax value by 67%.

04 **Buyers are already paying for this kind of scarcity.** In April a US buyer paid US$2.8 billion for Serra Verde, whose revenue is weighted to the same three metals that carry North Stanmore. Victory is neither an equivalent asset nor in production, but it now holds a reserve, a costed plant, a tested product and a seat inside US defence procurement, at a market value of A$203 million.

SNAPSHOT

Last close	A$1.545
Price target	A$5.20*
Previous target	A$3.50
Implied upside	~237%
Post-tax NPV	A$1.21b
Pre-tax NPV	A$1.76b
Cost to build	A$155m
Market cap	A$203m
Cash, 30 Jun 26	A$11.18m
First production	H2 2028
Risk	High

ASX: VTM **A$1.54**

12M · DAILY CLOSE -0.09 (-5.8%)

Reconstructed daily closes to published anchor points. Indicative.

The shares drifted through the study period and closed at A$1.545. Nothing in the price reflects a costed project with a reserve behind it.

WHAT MOVES THE STOCK NEXT

A binding offtake contract	H2 2026
EXIM debt package defined	H2 2026
Mining licence granted	2026–27
Definitive Feasibility Study begins	2026–27
Equipment ordering	Q1 2027
Mining and processing start	2028

Follow-up to our initiation of 17 March 2026.
Report prepared by Cashu Research, a division of Cashu Group.

The Economics of the Study

A conventional open-pit mine feeding a 2.4 million tonne a year plant, producing about 29,000 tonnes a year of rare earth concentrate for twenty years, and generating A$6.5 billion of revenue over that life.

HEADLINE ECONOMICS	UNIT	PFS VALUE
Plant throughput	Mtpa	2.4
Ore processed over the life	Mt	48.4
Initial project period	years	20
Revenue over the life, at the port (FOB)	A$b	6.5
Cost to build the plant and infrastructure	A$m	155
Processing and overheads	A$/t	28.38
All-in sustaining cost	A$/wt ore	79.77
Value and return, before tax	A$m / %	1,762 / 338
Value and return, after tax	A$m / %	1,211 / 240

Source: VTM ASX, 18 August 2026. Revenue is stated free-on-board (FOB), meaning at the port of loading: after road haulage to port and before ocean freight, both of which the study costs separately. Values are net present values at an 8% real discount rate, after a 30% company tax rate and a 5% Western Australian royalty, at an assumed AUD/USD rate of 0.69. Payback is about 1.5 years from first production. Mining costs run at A$5.13 per tonne moved at a 6.4:1 waste-to-ore ratio; concentrate haulage and shipping add A$59.92 and A$684 per tonne of concentrate respectively.

COST TO BUILD

A$337m → **A$155m**

A 54% reduction against the earlier concept study, and this estimate already includes a 30% contingency.

WHERE THE A$155M GOES

Process plant	78.85
Site infrastructure	9.65
Base subtotal	88.49
Contingency (30% of base)	36.67
Engineering and management	16.22
Owner costs	3.29
Mobile plant	5.12
Spares, first fills, other	5.23
Total	**155.03**

Mining fleet, power station and camp are all excluded because they are contracted in and paid for through operating costs rather than up front.

FUNDING, IN CONTEXT

The US EXIM letter of interest for up to US$190m is about A$275m, roughly 1.8 times the entire build cost. It is not committed money, but the facility under discussion is now larger than the project needs.

WHY IT COSTS SO LITTLE TO BUILD

Rare earth projects rarely fail on geology. They fail on processing complexity, capital cost, radioactive by-products and an inability to make a product a customer will buy. Four findings published between April and July removed a cost centre each, and the study has now put a price on the result.

NO CHEMICAL CRACKING PLANT

Most rare earth deposits lock their metal inside hard minerals that must be broken open at high temperature before it can be extracted. That plant is expensive. At North Stanmore, millions of years of weathering have already done the job, so the flowsheet does not need one.

NO RADIOACTIVE HANDLING

Rare earth concentrates commonly carry enough thorium and uranium to be classified as radioactive, which adds licensing, handling and freight cost at every step. Victory's concentrate sits below those thresholds and ships as ordinary cargo: a permanent advantage, not a one-off saving.

NO HEATING, CHEAPER CHEMICALS

The process runs at ambient temperature, which removes a heating circuit and the power generation behind it. A substitute reagent costs about half as much and performs better. The study assumes a modest 7MW gas station rather than a process-heat plant.

NO TAILINGS DAM

Clay projects usually struggle to dewater their waste, and oversized filtration is a common source of cost blowouts. North Stanmore's clays filter well and stack dry, removing a wet tailings dam and its closure liability. Closure is costed at A$3.65 per tonne processed.

The Reserve Behind the Mine Plan

An Ore Reserve is the part of a deposit that independent engineers have shown can be mined at a profit. Victory has declared its first, and the entire twenty-year plan sits inside it.

CATEGORY	MT	TREO PPM	HREO PPM	HREO/TREO
Probable Ore Reserve	**47.0**	**692**	**248**	36%
High-grade zone, total	53.3	1,024	332	32.4%
of which higher confidence[1]	38.0	–	–	–
Measured Resource, first declared	70.7	535	192	36%
Total Mineral Resource	278.8	483	171	36%

Source: VTM ASX, 18 August 2026. TREO is total rare earth oxide; HREO is the heavy, higher-value fraction. Reserve reported at a 300ppm cut-off with grades on a dry basis, all in the Probable category; high-grade zone at a 600ppm cut-off. [1] Higher-confidence (Measured and Indicated) tonnage inside the high-grade zone rose 7.2% to 38.0Mt from 35.5Mt a year ago; the announcement gives no separate grade for that subset, so none is shown. Mineral Resources are not Ore Reserves and must not be added together, and resources that are not reserves do not have demonstrated economic viability.

The reserve holds 47.0Mt containing 32.6kt of total rare earth oxide, of which 11.6kt is the heavy, higher-value fraction. Two independent mining engineers from MEC Technical Services took responsibility for the mine designs, costs and schedule, and one visited the site. Nothing lower-confidence was included to flatter the numbers.

The plan uses about 17% of what has been found so far. A separate exploration target west of the current resource covers a further 20–25Mt at 500–600ppm, including 8–9.5Mt at 900–1,030ppm, in ground with no resource estimate at all. Twenty years is where this project starts, not where it ends.

Exploration target caution: the potential quantity and grade of an exploration target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource, and it is uncertain whether further exploration will result in the estimation of a Mineral Resource. The exploration target is not included in the Ore Reserve, the Mineral Resource, or the production plan.

CONFIDENCE, NOT TONNES

nil → **70.7Mt**

A year ago the deposit had no Measured material, the highest confidence category. It now has 70.7Mt, and 154.8Mt across the top two categories.

THE ONE NUMBER THAT FELL

The total resource shrank 13.0%, to 278.8Mt from 320.6Mt, after the company re-examined its drill logs and reclassified rock types. Average grade barely moved, down 0.6% to 483ppm, and the high-grade zone kept 97% of its tonnes and 99% of its grade. Twenty holes drilled alongside existing ones confirmed the earlier results. We read this as a model tightened rather than value lost, and note that higher-confidence high-grade tonnage went up.

DRILLING BEHIND THE UPDATE

Confirmation holes	20 / 1,244m
New holes	63 / 3,134m
Total added	**83 / 4,378m**

WHAT GETS PRODUCED, AND WHEN

OXIDE, TONNES	AVG / YR	LIFE OF MINE
All rare earth oxides	**1,156**	**23,692**
Yttrium	229	4,701
Magnet metals (NdPr)	219	4,495
Dysprosium	36	744

OXIDE, TONNES	AVG / YR	LIFE OF MINE
Samarium	37	751
Gadolinium	36	741
Hafnium	13	260
Terbium	6	120

Terbium and dysprosium are tiny in tonnage and large in value: at the study's own prices those two alone account for roughly US$1.1 billion of revenue over the life of the mine. Mining runs for about ten years, prioritising the best ore, then the plant works through stockpiles for another decade. **On the tonnage figures:** the reserve is stated as 47.0Mt with grades on a dry basis, while plant tonnages are reported wet, as the material is actually handled. That is the basis on which 48.4Mt is processed. These describe the same ore, not an extra 1.4Mt, and 48.4Mt at 2.4Mtpa is what produces the twenty-year life.

TIMETABLE

Q1 2027	Equipment ordering
Q2 2028	Mining starts
Q3 2028	Processing starts
Yr 1–2	Ramp to 80%, then 95%
Yr ~10	Mining ends, stockpiles run on

The Prices Behind the Valuation

This is where the study is most conservative, and where it is most often misread. Two separate reductions sit between a forecast metal price and the revenue the model books.

The first reduction is the **price assumption** the study adopts for each metal. The second is **payability**: Victory sells a concentrate, not a refined metal, so a customer pays for only part of the contained value. The study assumes it receives 65% (50% for hafnium), covering the cost of refining, product testing and commercial deductions downstream. Crucially, the prices the company publishes are already after that deduction, so the discounts quoted in the announcement combine both effects. Separating them shows where the caution actually is.

US$/KG OXIDE	IN STUDY	BEFORE PAYABILITY	FORECAST	DISCOUNT
Yttrium	453	697	1,800	**61%**
Hafnium	4,001	8,002	12,500	36%
Terbium	2,488	3,828	5,500	30%
Dysprosium	1,067	1,641	1,900	14%
Magnet metals (Nd, Pr)	72	111	110	nil

Study prices and forecasts: VTM ASX, 18 August 2026, citing Benchmark Mineral Intelligence Q2 2026 and, for hafnium, Strategic Metals Invest August 2026. The middle column and the discount are Cashu Research calculations, grossing the published price back up at the study's own payability of 65% (50% for hafnium); they are not company figures. The announcement's own quoted discounts (44% dysprosium, 55% terbium, 75% yttrium) compare after-payability prices against before-payability forecasts and so combine both reductions. Argus CIF Europe April 2026 references are US$1,450/kg dysprosium, US$4,500/kg terbium and US$1,100/kg yttrium.

WHAT THIS TELLS YOU

The caution is concentrated rather than spread evenly. Yttrium is assumed 61% below forecast and hafnium 36%, both deliberately: the company points to possible new non-Chinese supply from 2036 and to yttrium having no contracted price floor. Terbium sits 30% below and dysprosium 14%. The magnet metals are assumed at forecast, so their entire quoted discount is payability rather than price caution.

Yttrium is the swing factor. A 30% move in its price alone shifts pre-tax value by about A$630 million either way.

WHY THE WEST WANTS THIS MATERIAL

CARLISLE, 15 JULY 2026

“Do magnets, OK? I'll tell you how to make money. Do magnets.”

President Trump, Pennsylvania Defense & Innovation Summit, U.S. Army War College.

The remark is not policy, but it reads American industrial priority accurately. Permanent magnets are the demand centre for dysprosium and terbium, the two metals that carry North Stanmore's value, and they are the point at which Western supply chains remain most exposed to Chinese processing.

Victory is positioned into that gap deliberately. The study aims its product at non-Chinese buyers, with demand expected from magnets, defence, energy and advanced industry. Membership of the US Defense Industrial Base Consortium is the procurement channel; the EXIM letter of interest is the financing counterpart. What the market has not absorbed is that a A$155 million project is small enough for instruments of that size to fund outright.

THE TRANSACTION THAT FRAMES THE MARKET CAP

In April 2026 USA Rare Earth bought Serra Verde for US$2.8 billion. Serra Verde's revenue is weighted roughly 42% yttrium, 19% dysprosium and 13% terbium: the same three metals that carry North Stanmore. Victory's entire market capitalisation is A$203 million. The assets are not equivalent and Serra Verde is already producing, but the transaction shows what a strategic buyer paid for non-Chinese heavy rare earth supply in this market. Victory now brings a reserve, a costed plant, an engineered flowsheet and a tested product to that conversation.

HOW THE STUDY GOT HERE: RELEASES SINCE OUR INITIATION

27 Apr	A second saleable product identified, carrying hafnium and scandium at no extra processing cost.
3 May	Four cost-cutting findings: cheaper reagent, no heating, clays that filter well, 97% magnet-metal recovery.
17 Jun	**Pilot plant concentrates the ore 59 times**, from 1,195ppm feed to a 7.1% product, running continuously at twelve times the scale of any earlier test.
9 Jul	Concentrate shipped to potential customers in Australia, Japan and the US for testing.
24 Jul	Admitted to the **US Defense Industrial Base Consortium**; Native Title agreement signed, clearing land access.
30 Jul	Mineralogy confirmed why no cracking plant is needed: 86% of dysprosium, 82% of terbium sit in easily treated minerals.

THE PRODUCT

Concentrate grade	~7.1%
Heavy rare earth share	40%
Dysprosium oxide	2,777ppm
Terbium oxide	479ppm
Yttrium oxide	1.77%
Annual tonnes	~29,000

Heavy rare earths are the scarce, high-value end of the family. Dysprosium and terbium let magnets work hot.

How We Get to A$5.20

We use the same method as our March initiation: take the project's after-tax value, discount it for the risk that a project this early may never be built, add the pieces the study leaves out, and divide by shares. Four inputs have changed.

WHAT HAS CHANGED SINCE MARCH

01 **The value is now engineered, not indicative.** A$1,211m after tax, backed by a reserve, replaces a A$1.2 billion concept figure that carried ±35% accuracy.

02 **Our risk discount narrows from 70% to 45%.** The plan is fully reserve-backed with independent sign-off, and the build cost is less than half what we had assumed.

03 **By-product credits fall from A$15m to A$5m.** Hafnium now earns revenue inside the study, so counting it again would double up. Scandium and gallium remain outside it.

04 **Share count rises from ~121m to 138m.** There are about 131.7m shares on issue today; we add a modest raise to help fund a A$155m project alongside debt.

VALUATION BUILD	A$M
Project value after tax, study base case	1,211
Risk discount for development stage, 45%	(545)
Risked project value	**666**
Value of a strategic partner, risked	40
Resource and exploration upside, risked	20
By-products outside the study	5
Head office and administration	(10)
Value attributable to shareholders	**721**
Shares assumed, fully diluted	138m
Price target, rounded	**A$5.20**

Source: Cashu Research analysis on study inputs. The 45% discount reflects the risk of a project that is not yet permitted, funded or contracted. It is not a cost of capital, since the study already discounts cash flows at 8% real. For reference, our March target applied a 70% discount to the A$1.2 billion concept value across ~121m shares. A larger equity raise than assumed reduces the per-share result proportionally.

IF THINGS GO BETTER

Our base case	A$5.20
Weaker A$ at 0.64	~A$6.10
Prices 10% above the deck	~A$8.45
Stronger A$ at 0.74	~A$4.40

Same 45% discount and 138m shares applied to the company's disclosed after-tax currency cases of A$1,435m at 0.64 and A$1,015m at 0.74. The price row scales the company's pre-tax +10% case of A$2,946m at the base-case after-tax ratio. This is our approximation, not a company figure. Illustrative only.

WHAT WOULD TAKE US HIGHER

A binding offtake contract, a defined EXIM debt package, or the mining licence granted. Any one would justify narrowing the risk discount further. We would rather move the target twice on evidence than once on anticipation.

WHAT THE VALUE IS MOST SENSITIVE TO

PRE-TAX VALUE, A$M	−20%	BASE	+20%
Metal prices	(186)	1,762	**4,271**
Ore grade delivered to the plant	840	1,762	2,693
Exchange rate	1,074	1,762	2,794
How much metal the plant recovers	937	1,762	2,426
Mining cost	1,191	1,762	2,229
Payability	1,660	1,762	2,226

Source: VTM ASX, 18 August 2026. Pre-tax figures, ranked by how much each variable moves the answer. Cost rows are inverted, so −20% means a 20% cost increase. The price row is asymmetric: value rises faster on higher prices than it falls on lower ones, because much of the operating cost is fixed against throughput.

STILL TO BE DONE

- Ground stability and groundwater studies; detailed engineering
- Further metallurgy and customer product testing
- Environmental, water, tenure, heritage and mining approvals
- Offtake and funding

Scandium and gallium will be assessed separately from the main circuit, which is why we carry them, and not hafnium, as a residual credit.

Our View: BUY, Target A$5.20

We reiterate BUY and raise our target from A$3.50 to A$5.20, about 237% above the last close of A$1.545. The condition we set in March has been met, and on cost it has been beaten by a wide margin.

The number that changes the investment case is not the A$1.21 billion. It is the A$155 million. A A$337 million project was not credibly fundable by a company worth A$203 million; a A$155 million project is, particularly with a letter of interest on the table for roughly 1.8 times that amount. Funding risk has not gone away, but it has moved from being the question the thesis turned on to one workstream among several.

Two further things are new. The mine plan is backed entirely by a reserve that independent engineers have signed their names to, with no lower-confidence material included. That is the standard a lender applies rather than the standard a promoter applies. And the valuation is struck on genuinely cautious assumptions: the company assumes it is paid for 65% of the metal it produces, and prices yttrium, hafnium and terbium well below independent forecasts. That is a company publishing a number it can defend rather than one that flatters.

What is not settled deserves equal billing. There is no binding offtake contract, the EXIM facility is a letter of interest rather than a commitment, and the mining licence is pending. Further metallurgy, ground stability and groundwater work and customer product testing all sit ahead, and costs at this stage carry a Class 4 estimate that can move. The total resource shrank 13% on reclassification, which we read as a tightening rather than a loss but which shows the geology is still being refined. First production is not scheduled before the second half of 2028, and with A$11.18 million of cash the company will need to raise money before then.

Set against that, the change over five months is substantial. A year ago this was a large low-grade deposit and a promising laboratory result. It is now a reserve, a pilot-proven process, a product in customers' hands, a signed land access agreement, a seat inside US defence procurement, and an engineered study showing A$1.21 billion of after-tax value for A$155 million of capital. The market values the whole company at 17% of that, and we think the evidence now published closes that gap.

RECOMMENDATION

Rating	BUY
Change	reiterated
Target	A$5.20
Previous target	A$3.50
Implied upside	~237%
Last close	A$1.545
Market cap	A$203m
Horizon	12 months
Risk	High

RISK REGISTER, AFTER THE STUDY

Processing proven at scale	closed
Study stage	PFS delivered
Cost to build	much improved
Resource confidence	reserve declared
Land access	agreement signed
Funding	improved
Product acceptance	in testing
Approvals and tenure	licence pending
Offtake contracts	unchanged
Rare earth price volatility	unchanged
Geopolitics	unchanged

RISKS

This is a pre-feasibility-stage project with a Class 4 cost estimate; costs will be refined and may rise. Metal recovery, concentrate grade and product quality need further test work and customer qualification, and pit wall stability and groundwater assumptions require site-specific study. Development depends on environmental, water, tenure and heritage approvals. Heavy rare earth prices are volatile and heavily influenced by Chinese policy, and payability is an assumption rather than a contracted term. The EXIM letter of interest and all offtake discussions are non-binding. With A$11.18m of cash at 30 June 2026, further capital raising is required and dilution is a real cost to shareholders. See our 17 March 2026 initiation for the full risk discussion.

DISCLOSURES

Commissioned research. This report was commissioned and paid for by Victory Metals Limited. Cashu Research prepared it independently; Victory Metals did not direct its conclusions, rating or price target.

Interests in the securities covered. Cashu Research, Cashu Group and/or their directors, employees and associates hold shares in Victory Metals Limited (ASX: VTM) and therefore have a financial interest in the securities that are the subject of this report. Those holdings may be added to, reduced or disposed of at any time without notice. This interest is a potential conflict of interest, and readers should take it into account when considering the general advice in this report.

We provide only general financial product advice.

You should note that general advice does not relate specifically to you and is prepared without taking into account any of your objectives, financial situation or needs. As a result, before acting on the general advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

You should consider seeking the advice of relevant legal, taxation, superannuation, financial and/or other relevant advisors before the information is acted on. The general advice provided relates to securities which are listed on an exchange (usually the Australian Stock Exchange).

You should consider any information published by the listed company (including, without limitation, any prospectus, ASX announcements, or other investor updates published by the relevant company) before acquiring or investing in any shares. Whilst Cashu Research has taken reasonable care, there is no guarantee by either Cashu Research, or its AFSL provider, ASG, that the information in this Research Report is accurate or up to date.

Cashu Research or Cashu Group may receive fees for research or corporate communication services from companies mentioned in this report, and may hold or trade securities in those companies, in each case without further notice.

Rating definitions: BUY (expected return >15% over 12 months); HOLD (−15% to +15%); SELL (<−15%).

The general advice in this Research Report is provided by Cashu Research. Cashu Research is part of Cashu Technology Pty Ltd, which is an authorised representative (AR # 001318029) of Adviser Solutions Group Pty Ltd (ABN 88 601 875 521) (AFSL 485946) (ASG).

REFERENCES

VTM ASX, 18 August 2026, "Maiden Ore Reserve, Updated Mineral Resource and Pre-Feasibility Study".

VTM ASX, 30 July 2026 (updated 4 August 2026), secondary phosphate mineralogy.

VTM ASX, 24 July 2026, Quarterly Activities Report to 30 June 2026 (Defense Industrial Base Consortium; Wajarri Yamaji Native Title Mining Agreement; cash of ~A$11.18m).

VTM ASX: 17 June 2026, pilot plant and 7.1% concentrate; 9 July 2026, concentrate dispatched to potential customers; 3 May 2026, key study inputs; 27 April 2026, second zircon-hafnium product.

USA Rare Earth, April 2026, Serra Verde acquisition presentation, filed as Exhibit 99.3 to Form 8-K dated 20 April 2026.

Benchmark Mineral Intelligence, Q2 2026 rare earth forecast; Argus Media CIF Europe, April 2026; Strategic Metals Invest, August 2026.

Cashu Research, Victory Metals initiation of coverage, 17 March 2026. Market data as at close, 18 August 2026.