

## VITAL SIGNS CONTRACT TO COMMENCE MINING AT NECHALACHO IN MARCH 2021

### HIGHLIGHTS

- Vital signs mining contract with Det'on Cho Nahanni Construction Ltd for mining campaign at Nechalacho, Northwest Territories, Canada
- Nahanni Construction will mobilise to site by end of March
- Mining contract scope includes mining, site clearing, preparation of retention ponds, site roads, ROM pad and crushing and screening
- Vital is on track to commence rare earth production at Nechalacho in CY2021
- Vital has commenced drilling to define mine plan for Stage 2 operations at Nechalacho to build larger scale, long-life rare earths project.

Vital Metals Limited (ASX: **VML**) (“**Vital**” or “**the Company**”) is pleased to announce that its 100%-owned Canadian subsidiary Cheetah Resource Corp. has signed a definitive mining contract with local company Det'on Cho Nahanni Construction Ltd for work to commence at the North T Zone at its Nechalacho Project in Northwest Territories (“NWT”), Canada. The North T Zone is the first deposit to be mined at Nechalacho, with Vital progressing to rare earth oxide production in CY2021.



Signing of the Mining Services Agreement for the Nechalacho Rare Earth Project in Cheetah Resources Corporation's Canadian head office in Yellowknife, Northwest Territories. From left to right standing: Bobby Drygeese, Chair Det'on Corporation; Sarah Kakfwi, Office Manager Cheetah Resources Corp.; Chief Ernest Betsina, Yellowknives Dene First Nation. From left to right sitting: Paul Gruner, President and CEO of Det'on Cho Corporation and President Det'on Cho Nahanni Construction Ltd., David Connelly, Vice President Corporate Affairs and Strategy Cheetah Resources Corp.; Kenny Ruptash, President of Nahanni Construction and Vice President of Det'on Cho Nahanni Construction Ltd



Vital Metals Managing Director Geoff Atkins said, *“The signing of our mining contract in Yellowknife is an important step forward for Vital as we move toward production at Nechalacho, and we are pleased to be working with Det’on Cho Nahanni Construction Ltd, which is owned by local First Nations people. We are developing Nechalacho using the most sustainable methods possible which includes the use of local labour so that we can support the communities surrounding our project.”*

*“Having finalised an offtake agreement with REEtec earlier this month, we are pleased to have executed this contract with Det’on Cho Nahanni Construction as it allows us to continue to progress towards production at Nechalacho, which is on track for the coming months.”*

Signing of the mining contract follows the Memorandum of Understanding (“**MOU**”) both parties executed in January 2020, which established Det’on Cho Nahanni Construction as the preferred Mining Services Contractor (see ASX Announcement 23 January 2020). Det’on Cho Nahanni Construction is 51% owned by Det’on Cho Corporation, which is in turn owned by the Yellowknives Dene First Nation.

Scope of work under the mining contract includes mining, site clearing, preparation of retention pond, site roads, ROM pad, plus crushing and screening (together “**Mining Operations**”). Det’on Cho Nahanni Construction will mobilise to site at Nechalacho via ice road by the end of March.

*“The Yellowknives Dene First Nation is pleased to be the first Indigenous group in Canada to be responsible for mineral extraction on their traditional territory. When Indigenous people conduct the mining operations, they are better able to control the process, resulting in better safeguarding of the environment. Meaningful participation in the extraction of critical minerals for the green economy provides employment and procurement benefits for our members and businesses. We look forward to increasing our participation as the Nechalacho Rare Earth Projects grows in the years to come.”* said Yellowknives Dene First Nations Chief Ernest Betsina.

Under the contract with Det’on Cho Nahanni Construction, the North T Zone at Nechalacho will be mined as a small open pit with material transported to Vital’s ore sorter for sorting to create a product suitable for further processing off-site at Vital’s Rare Earth Extraction Plant in Saskatoon which will produce a mixed rare earth carbonate product for sale to separation facilities.

Det’on Cho Nahanni Construction will undertake mining and crushing during a single campaign between March and September 2021, under the control and direction of Cheetah Resources. Mined ore will be stockpiled for use in ore sorting operations which will be undertaken by Cheetah personnel during the summer periods of 2021 to 2023. It is anticipated that a second mining campaign will be required in 2024 to replenish stockpiles.

Vital executed a definitive agreement with Norwegian REE separation company REEtec AS earlier this month. Under the agreement, Vital will provide REEtec an annual volume of 1,000 tonnes of rare earth oxide (ex-cerium ) over five years, with the option to increase this offtake volume up to



5,000 tonnes REO (ex-cerium) per annum over 10 years (subject to a corresponding supply agreement).

Vital has commenced a 30-hole drilling program at Nechalacho that aims to define a preliminary mine plane for its planned Stage 2 production from the Tardiff resource (94.7Mt @ 1.46% TREO with over 1.3Mt contained rare earths). Vital's drilling program will test three high-grade targets in the Tardiff deposit and evaluate potential expansion of the T Zone by targeting two additional zones, the South T and the S zones, which lie adjacent to the planned North T pit.

### **North T Zone site**

The North T Zone rare earth deposit is hosted in a late-stage pegmatite dyke that has intruded the northern edges of the Thor Lake and Nechalacho Nepheline Syenites and crossing into the Grace Lake Granite.

Due to its near surface expression of the rare earth mineralisation and the available space for a waste rock stockpile, the proposed North T Zone Mine comprises a small open pit operation.

The pit design aimed to maximise the value of the contained rare earths mineralisation while its excavation was restricted to 600kt in accordance with environmental approvals. The designs of the pit, waste rock stockpile and ROM were based on the Workers' Safety and Compensation Commission (WSCC) Mine Safety Regulations and geotechnical design parameters provided by consultants REC Geotechnical and Northwind (REC). The water storage pond was designed by REC.

The resulting site layout of the operation is shown in figures below.

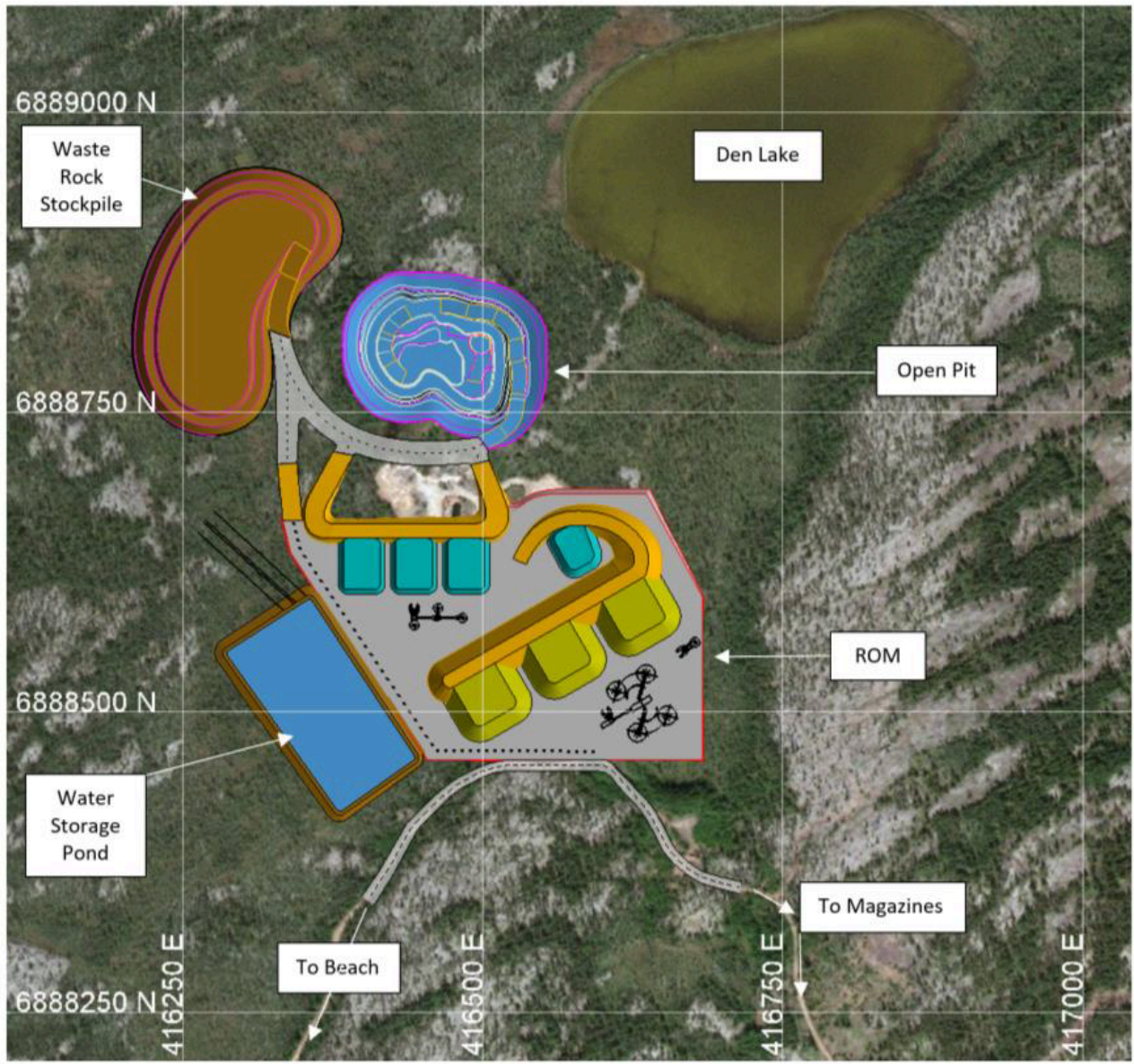


Figure 1: North T Mine Site Layout with Aerial Image Background

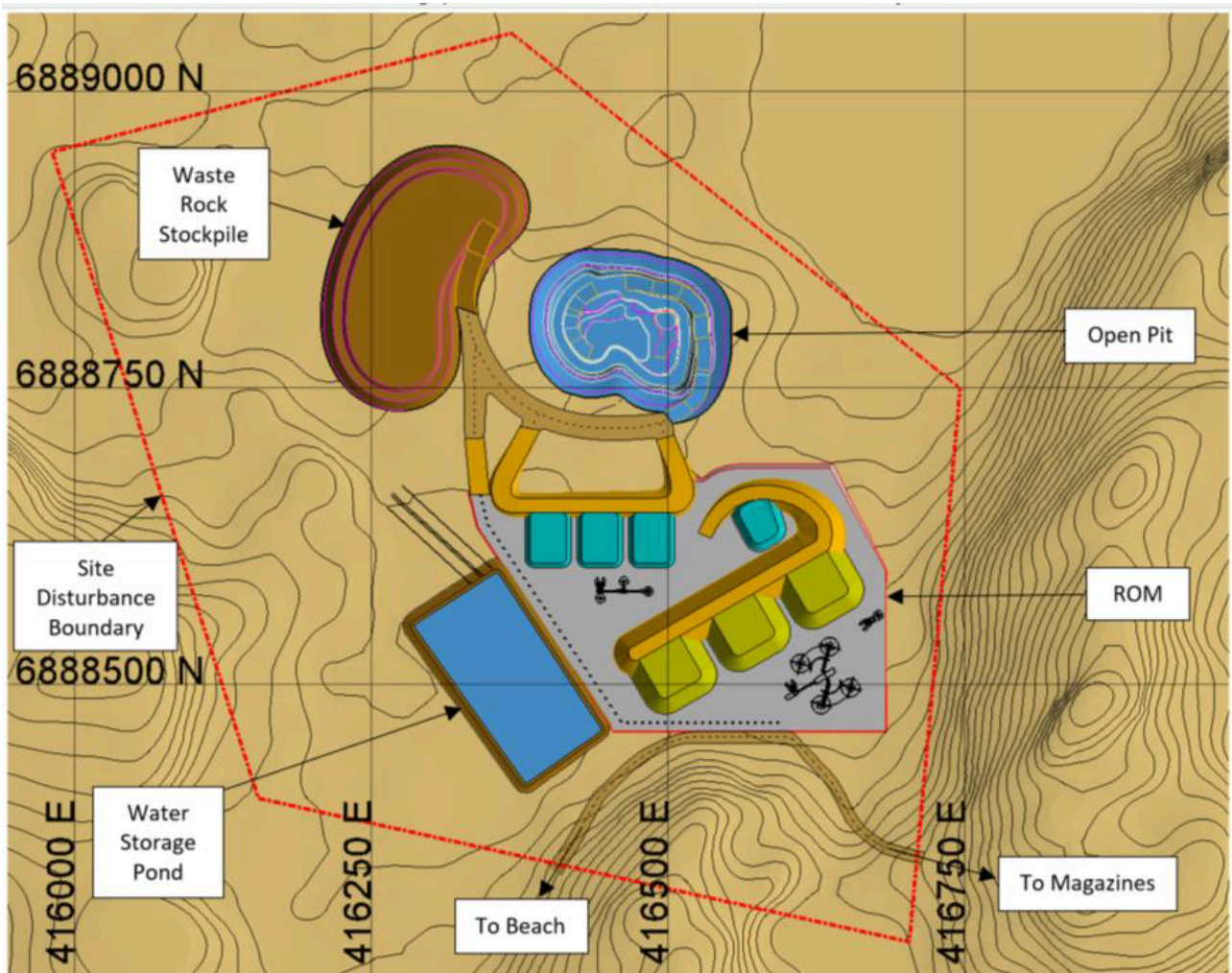


Figure 2: North T Mine Site Layout with 1m Contours

### Key Contractual Terms

- |                             |  |
|-----------------------------|--|
| <b>Term</b>                 | <ul style="list-style-type: none"> <li>▪ Commences on signing the contract and remains in effect until completion of Mining Services in respect of intended mining volumes of 40,000 bcm ore (112kt of ore, including dilution, or 7,000t contained REO) and 198,000 bcm waste (486kt of waste).</li> </ul>  |
| <b>Total contract value</b> | <ul style="list-style-type: none"> <li>▪ The total fee for Equipment and Mining Services under the contract shall not exceed CAD8.7m to complete the stage 1 pit.</li> </ul>   |
| <b>Payment obligations</b>  | <ul style="list-style-type: none"> <li>▪ Vital will affect payment to Nahanni Construction monthly in arrears for the Mining Services. Vital has a period of 35 days after the receipt of the month-end invoice to finalise payment of the invoice. Vital will fund payments under the contract from cash reserves and project financing activities via government funding and debt and equity facilities</li> </ul> |



#### **Default and termination**

- Vital may terminate the contract in whole or in part for its convenience at any time by giving the contractor a minimum of 15 days' written notice specifying the mining services or portion thereof to be terminated and the effective date of termination. Vital will then be liable for the payment of all mining services up to and including the date of termination, demobilisation costs, subcontractor termination costs and a termination fee equal to 9% of the total amount payable.
- Either party may terminate the contract by providing 14 days' written notice to the other party if a material breach of the contract by the other party has occurred, provided the breach has not been remedied within the 14 days.
- A material breach will be deemed to have occurred if Nahanni Construction fails to achieve the performance criteria set out under the contract for a continuous period of 4 weeks.

**- ENDS-**

#### **Contact:**

Mr Geoff Atkins  
Managing Director  
Vital Metals Limited  
Phone: +61 2 8823 3100  
Email: [vital@vitalmetals.com.au](mailto:vital@vitalmetals.com.au)

*This announcement has been authorised for release by the Board of Vital Metals.*

#### **ABOUT VITAL**

Vital Metals Limited (ASX:VML) is an explorer and developer focussing on rare earths, technology metals and gold projects. Our projects are located across a range of jurisdictions in Canada, Africa and Germany.

#### **Nechalacho Rare Earth Project - Canada**

The Nechalacho project is a high grade, light rare earth (bastnaesite) project located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralisation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a measured, indicated and inferred JORC Resource of **94MT at 1.46% TREO = 1,372,400t TREO**.

#### **Forward Looking Statements**

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production output.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.



Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.