

VITAL METALS COMMENCES MINING OPERATIONS AHEAD OF PRODUCTION AT NECHALACHO REO PROJECT

HIGHLIGHTS

- Contract mining fleet mobilises to Vital's North T Zone deposit at Nechalacho commencing mining operations
- Vital is on track to become the first REE producer in Canada and the second REE producer in North America
- Production and working capital fully funded by equity after the success of our recently announced placement which raised \$43m
- Contractor Det'on Cho Nahanni Construction Ltd will complete site establishment, mining, crushing, screening and other works at Nechalacho
- Ore sorter and other equipment to be transported to site by the end of March 2021.

Vital Metals Limited (ASX: **VML**) ("**Vital Metals**" or "**the Company**") is pleased to announce the commencement of mining operations at its Nechalacho rare earths project in Northwest Territories, Canada with the mining fleet mobilising this week.



Figure 1: Official Opening of the Nechalacho Ice Road to commence mobilization: From left to right – David Connelly, Vice President Corporate Affairs and Strategy; Chief Ernest Betsina, Yellowknife Dene First Nation; and Ray Angelov, Canadian Operations Manager

Mining contractor Det'on Cho Nahanni Construction will commence operations at Nechalacho's North T Zone within days following its mobilisation via the private Nechalacho ice road which is a 110km long, 1.1m thick engineered ice road on the Great Slave lake from Dettah, Yellowknife Bay, NWT to the Nechalacho Rare Earth Project on the Hearne Channel in Chief Drygees Territory.

All plant and equipment, including an ore sorter and associated infrastructure, will arrive at site by the end of March in preparation for rare earth production at Nechalacho.

Vital Metals' Managing Director Geoff Atkins said:

"We have been progressively achieving all the steps necessary to commence mining and rare earths production at Nechalacho over the past 12 months, and mobilisation of the mining fleet is another important milestone.

We are excited to be commencing operations at Nechalacho rare earth project and following our recent \$43m raising, proud to be fully funded to become Canada's first rare earth producer."

Vital and its subsidiary Cheetah Resources held a ceremony on 20 March 2021 marking the commencement of mobilisation.

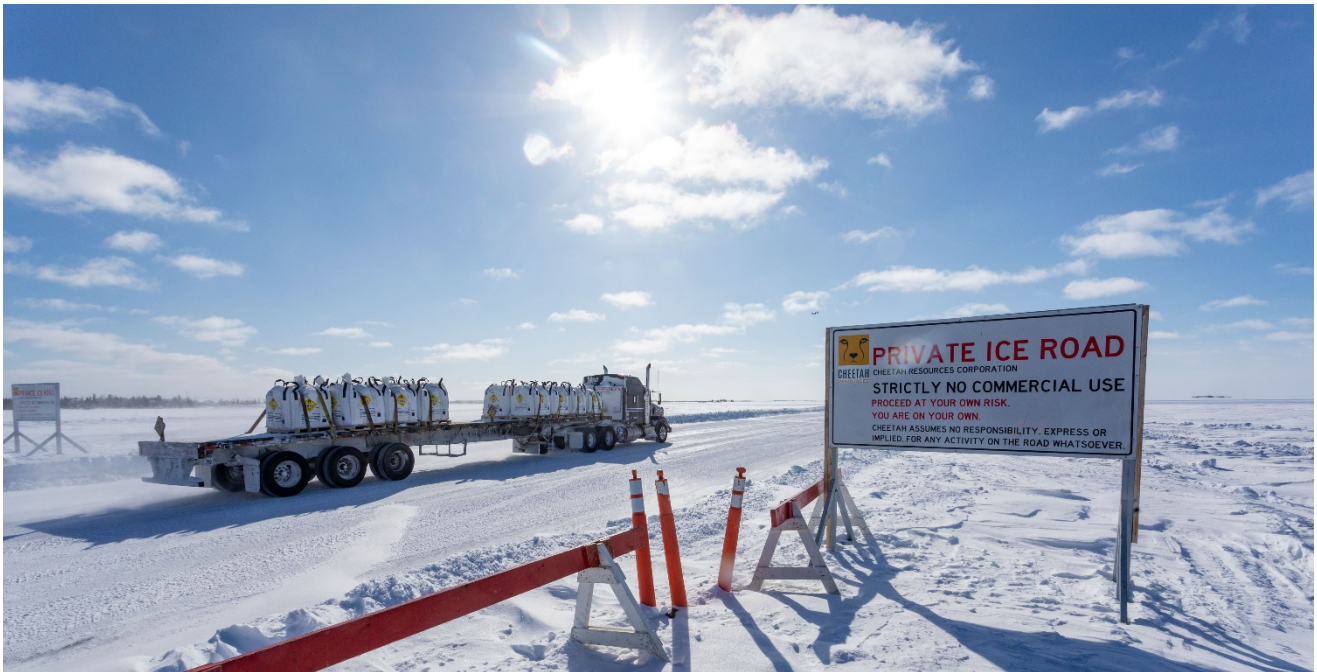


Figure 2: Transport trucks of ammonia nitrate being mobilised to Nechalacho



Figure 3: Fuel tanks being mobilised across the Nechalacho Ice Road



Figure 4: Fuel tank being transported along Nechalacho project road



Figure 5: Completion of the installation of the fuel farm to service mining operations

Vital's Nechalacho Development Strategy

Vital's strategy is to develop Nechalacho in two stages. Stage 1 of the operations focuses on the North T Zone resource and Stage 2 will involve the development of the much larger Tardiff deposit.

Det'on Cho Nahanni Construction will mine the North T Zone as a small open pit, with material transported to Vital's ore sorter on site at Nechalacho for sorting. This will create a product suitable for further processing off-site at Vital's rare earth extraction plant, to be constructed 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.



Performance Shares

800 million Performance Shares were issued by the Company in accordance with the terms of the acquisition by Vital Metals of Cheetah Resources Pty Ltd (Cheetah Resources) (see ASX announcement dated 25 June 2019). The purpose of the Performance Shares, which were issued to the original Cheetah Resources' shareholders, was to link part of the consideration for the acquisition of Cheetah Resources to certain key performance criteria.

The commencement of commercial mining operations at the Nechalacho¹ or Wigu Hill projects is a key performance criterion for the conversion of all Performance Shares into fully paid ordinary shares in the capital of the Company (Shares). Therefore, all Performance Shares will convert to Shares on a 1:1 basis on commencement of mining operations.

The Company is pleased to announce that Vital Directors and key shareholders holding ~70% of the Performance Shares have agreed to voluntarily escrow the converted shares for a period of 6 months.

- ENDS-

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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**²

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.

¹ Previously referred to as "Thor Lake Project"

² Refer ASX Announcements dated 13 December 2019, 19 February 2020 and 15 April 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.



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.