

VITAL SIGNS LEASE FOR SASKATOON RARE EARTH EXTRACTION PLANT SITE

HIGHLIGHTS

- Vital Metals signs lease for rare earth extraction plant site adjacent to Saskatchewan Research Council's (SRC) proposed rare earth separation plant in Saskatoon, Canada
- Vital is on track to become Canada's first rare earth producer with production via concentrate sorting at its Nechalacho project to commence in June 2021
- First product from Vital's Nechalacho rare earths project is scheduled for delivery to Saskatoon in November 2021
- Lease provides Vital with a custom-built facility to house its extraction plant
- 10-year initial lease commences after construction is complete; option to renew lease for a further two five-year terms

Vital Metals Limited (ASX: **VML**) ("**Vital Metals**" or "**the Company**") is pleased to announce it has signed a lease for its rare earth extraction plant in Saskatoon, Canada, where it will process material from its Nechalacho rare earths project in Northwest Territories.

Vital Metals is set to commence rare earth production via concentrate sorting at Nechalacho next month, with contract mining underway at Nechalacho's North T zone.

An initial 10-year lease agreement between Vital Metals' subsidiary Cheetah Resources Saskatchewan Corp and Northstar Innovative Developments Inc. ("Northstar") will see Vital Metals' extraction plant located adjacent to Saskatchewan Research Council's (SRC) rare earth separation facility, creating a rare earth processing hub in Saskatoon. Northstar also owns the land where SRC is developing its project.

Vital Metals' Managing Director Geoff Atkins said first product from Nechalacho was scheduled for delivery to the separation plant in Saskatoon in November 2021.

"Signing a lease for this site is another exciting step forward for Vital in its development as a rare earths producer, as this extraction plant will allow us to produce a mixed rare earth carbonate product for sale to separation facilities, such as the one in development by SRC," he said.

"Engineering and procurement activities have progressed, and with the lease and building design now finalised, the procurement of these key packages will proceed, targeting the first feed by the end of 2021. First product from the Nechalacho site is scheduled to be delivered to Saskatoon in November 2021."

Mr Atkins said Vital Metals' site for the extraction plant adjacent to SRC's planned rare earth separation plant made sense.

"Our facility will be located within SRC's rare earth precinct which has the potential to provide us with several advantages including the opportunity for SRC to be a potential customer of our rare earth carbonate product," he said.

"In signing this lease, we will also receive a new build which meets our exact requirements, without the need for compromise."

The Government of Saskatchewan announced C\$31 million in funding for SRC's rare earth processing facility in August 2020. It will be the first-of-its-kind in Canada and will begin to establish a fully commercial Rare Earth Element (REE) technology hub in Saskatchewan, forming an industry model for future commercial REE initiatives and supply chain development.



Figure 1 - Location of Vital's lease site adjacent to SRC's planned rare earth processing facilities in Saskatoon, Saskatchewan, Canada



Key terms of the lease agreement between Cheetah Resources Saskatchewan Corp (Tenant) and Northstar (Landlord) are as follows:

- The lease premise comprises land and building totalling 40,000 sq. ft.
- The term of the lease is for 10 years, commencing the first day of the month following the month in which the Landlord substantially completes, at the Landlord's expense, construction of a building, the design and specifications of which shall be mutually agreed upon by the Tenant and the Landlord;
- Possession is to take effect on 1 November 2021, or as available based on construction;
- The Tenant holds an option to renew the lease for a further two terms of five years each, upon the same terms and conditions contained within the lease agreement, except for the rental rate. If the parties do not agree on the rental, then the rental shall be fixed by arbitration;
- The Landlord can terminate the lease agreement on default by the Tenant and has the right to collect the full amount of the current month's rent and any other payments required to be made monthly, together with the next three months' rent to become payable under the Lease. If rent received from reletting during any month is less than that to be paid during that month by the Tenant, the Tenant shall pay any such deficiency.
- Vital Metals to provide an indemnity to the Landlord for all loss resulting from a default of the Tenant under the lease.

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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**.¹

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.

¹ 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.