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Vital Raises \$45M to Complete Transition to REO Operations

HIGHLIGHTS

- Vital Metals has raised A\$45 million in a targeted Share Placement at A\$0.04 per share
- Cornerstone investor Lionhead Resources Fund LP has invested A\$30m in the Placement which will include the nomination of two directors to the Vital Board
- Vital will use proceeds to fund:
 - Finalisation of construction activities and undertake commissioning, ramp-up and operations at its Rare Earth Extraction Facility in Saskatoon, which will produce a rare earth carbonate product
 - Accelerated development of Tardiff deposit at Nechalacho, Canada, including mining studies
 - A strong balance sheet for ongoing working capital requirements
- Vital is executing a three-stage strategy to become the world's first producer of commercial quantities of heavy and light rare earths.

Canada's first rare earths producer **Vital Metals Limited** (ASX: **VML** | OTCQB: **VTMXF**) ("**VML**", "**Vital**" or the "**Company**") is pleased to announce it has raised A\$45 million via a targeted placement, with private equity firm Lionhead Resources Fund LP ("**LHR**") becoming a cornerstone investor following its A\$30 million investment. Vital completed the placement at an issue price of A\$0.04 per share via a share placement to institutional, sophisticated and professional investors with 1,125 million new fully-paid ordinary shares to be issued ("**Placement**").

Vital received strong support for the Placement. The Placement was led by Joint Lead Managers Petra Capital and MST Financial. Financial advisers were Tectonic Advisory Partners ("**Tectonic**") and Transocean Securities Pty Ltd. Tectonic is a New York based critical metals focused boutique investment banking group. Tectonic securities transactions are executed through Ecoban Securities Corporation.



The Company has entered a subscription agreement with LHR which, among other things, provides LHR with the right to appoint two non-executive directors to the Vital Board.

Proceeds from the Placement will finalise construction, commissioning and ramp-up of Vital's Saskatoon Plant and enable it to accelerate development of projects including the Tardiff deposit at Nechalacho, as it executes a strategy to become the world's first producer of commercial quantities of both heavy and light rare earths. It will also provide working capital requirements as Vital transitions from rare earths exploration and development into operations.

Vital Metals' Managing Director Geoff Atkins said:

"Vital Metals is on the threshold of becoming North America's only company capable of producing a refined rare earth product from its own mine, completing our transition from exploration and development to production and operations. This is an important milestone, not only in the development of Vital, but also the North American and European rare earth supply chains.

"This placement allows us to finalise construction and commissioning and enter the operational phase of our Saskatoon plant with a robust balance sheet and working capital that can sustain our production well into the future, even amid ongoing global economic and geopolitical uncertainty.

"We have a clear vision of the goal we want our Company to achieve – to become the world's first producer of commercial quantities of both light and heavy rare earths. Having completed our first mining campaign at Nechalacho's North T deposit, we now look to developing the much larger Tardiff deposit that can help us achieve this. Placement funds will allow us to accelerate mining studies and permitting works for Tardiff so that we can realise greater value from this project for our Shareholders. It's important that we take advantage of this strategic opportunity and cement our position in global rare earths production, as Nechalacho is only the first of our project development prospects.

"We also welcome Lionhead Resources as a cornerstone investor in Vital. Lionhead brings a wealth of knowledge and experience which will benefit our company through this transition phase. The group's decision to join Vital is a huge vote of confidence in the team and Vital's ability to deliver on its vision. We would also like to thank Petra Capital, MST Financial and Tectonic and welcome all new investors to the register as we look forward to a successful future."

Placement Details

The Placement will comprise the issue of 1,125 million new fully paid ordinary shares ("**New Shares**") at an issue price of A\$0.04 per share. Vital plans to issue New Shares in two tranches:

- Tranche 1 – 1,042.6 million New Shares issued pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 for 625.6 million shares and ASX Listing Rule 7.1A for 417 million shares. This results in utilization of 100% of the Company's placement capacity.

- Tranche 2 – 82.4 million New Shares (~A\$3.3m) to LHR only pursuant to shareholder approval to be obtained at a General Meeting to be held by the Company in September 2022. The Board will unanimously recommend shareholders vote to approve the issue of New Shares in Tranche 2 to LHR and intend to vote in favour of the resolution.

Settlement of Tranche 1 is expected to occur 10 August 2022 and settlement of Tranche 2 is anticipated five business days after the General Meeting to be held in September 2022. All New Shares will rank equally with the Company's existing shares on issue.

As a result of the Placement, LHR will become Vital's major shareholder, holding approximately 12.8% following completion of Tranche 1 and approximately 14.1% after Tranche 2.

Key terms of Subscription Agreement with Lionhead Resources (LHR)

Key terms of the subscription agreement with LHR include the following:

- **Board Representation:**
 - For so long as LHR has an interest of 10% in the Company, LHR has the right to appoint two (2) nominees to the Board.
 - For so long as LHR has an interest of 5% in the Company, LHR has the right to appoint one (1) nominee to the Board.
- **Participation Rights:** Provided LHR has an interest of at least 10% in the Company, VML will not make equity offers to other subscribers unless LHR is first given a reasonable opportunity to participate in the offer on equivalent terms to other subscribers. If the equity offer is not a pro-rata offer and primarily relates to a financing to develop the North T Project, LHR will have the right (but not the obligation) to invest up to 66.67% of the equity offer (being the same proportion as LHR's participation in this Placement).
- **Technical Advisory Committee (TAC):** The Company and LHR have agreed to establish a TAC, which shall comprise no more than 6 members. 33% or 2 persons (whichever is the lower) shall be appointed by LHR with the remainder appointed by the VML Board. The purpose of the TAC is to provide guidance to the Company in respect of all aspects (including technical, financial, permitting, ESG and stakeholder engagement) that directly or indirectly affect the Company or its assets.

Lionhead Resources (LHR) is a mining-focussed private-equity fund, aiming to invest strategic capital into mid-tier companies producing Future Critical Minerals essential for a prosperous, clean energy future. The firm is led by Richard Crookes, a highly respected mining investment professional, and supported by a seasoned, multi-disciplinary team of mining and investment professionals from a variety of blue-chip backgrounds. The team has a connected history in the mining industry and a strong track record of investing, building, operating and exiting mining assets over several decades, across numerous commodities and jurisdictions around the world, generating superior returns for investors.



Richard Crookes commented *“Lionhead Resources is excited to be making this significant anchor investment to support Vital Metals to advance development of the Nechalacho Project, Canada’s first rare earth producer, with Stage 1 on track to deliver NdPr in a mixed rare earth carbonate and Stage 2 set to add significant production, positioning Vital as a globally relevant rare earths producer. This investment demonstrates our ability to provide value-added capital accompanied by strong operational capability into projects which are set to provide materials essential to the world’s transition to a greener and more sustainable future. Underpinned by a robust market outlook with growing demand for rare earths and enjoying enviable community and government support, this strategically located project has the potential to deliver robust economics, a positive ESG profile and attractive risk-adjusted returns for investors, with substantial upside.”*

LHR has nominated Russell Bradford to the new Technical Advisory Committee formed by the Company, where his extensive mine-building expertise will assist the VML management team. In addition, LHR has nominated Paul Quirk and Richard Crookes to the VML Board as non-executive directors.

Further information on LHR (including team biographies) can be found at [Our Firm | Lionhead Resources](#)

- ENDS-

Contact:

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

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

ABOUT VITAL METALS

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.

**Not an offer in the United States**

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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.