

## VITAL METALS' SEPTEMBER 2022 QUARTERLY REPORT

### HIGHLIGHTS

- Vital officially unveils multi-million-dollar, ~3,000m<sup>2</sup> rare earth processing facility in Saskatoon, Canada.
  - Global rare earth industry leaders gathered to acknowledge Vital's responsibly sourced rare earth supply chain.
  - Elected Indigenous leaders recognised Vital for its Indigenous participation, community engagement and innovative reduction of environmental impacts.
  - Beneficiated ore from Vital's Nechalacho project will be processed at the facility to a high purity, mixed rare earth carbonate product.

### CORPORATE

- Completion of A\$45 million strategic share placement, including A\$30 million cornerstone investment from Lionhead Resources Fund LP
- Lionhead Resources Partner, Russell Bradford appointed as interim CEO and to new Technical Advisory Committee
- Richard Crookes and Paul Quirk appointed as Non-Executive Directors
- Experienced finance executive Damon Colbert appointed as Chief Financial Officer.

Canada's first rare earths producer **Vital Metals Limited** (ASX: **VML** | OTCQB: **VTMXF**) ("**Vital**", "**Vital Metals**" or "**the Company**") is pleased to report on its activities during the September 2022 quarter, including at its 100%-owned Nechalacho Rare Earth Project in Yellowknife, Northwest Territories, Canada.

**Vital Metals interim CEO Russell Bradford said:** *"The highlight of this quarter was the official launch of our multi-million dollar rare earths processing facility at Saskatoon, Canada. We are very proud of the work that went into this achievement, and it was an honour to see so many leaders in the global rare earth industry come together to celebrate this milestone."*

*"Completion of A\$45 million in funding via a targeted share placement, including the A\$30 million cornerstone investment from Lionhead Resources Fund, was an important step in our strategy that will allow us to finalise construction activities and undertake commissioning, ramp-up and operations at the Saskatoon facility."*

*"The launch, coupled with the strategic placement, shows that we are well on our way to achieving our vision of becoming Canada's first producer of commercial quantities of rare earths."*

## **SASKATOON RARE EARTH EXTRACTION FACILITY, CANADA**

During the quarter, Vital officially unveiled its multi-million-dollar rare earth processing facility in Saskatoon, Canada (ASX announcement 23 September 2022).

More than 200 leaders in the global rare earth industry, from India to Estonia and Germany to Australia, gathered on 20 September 2022 to celebrate Vital's progress in establishing a responsibly sourced supply chain of rare earths. Representatives of 11 jurisdictions from Canada's Indigenous, federal, provincial, territorial and municipal governments to the governments of Australia, Norway, Germany and the United States, also attended the event.

In the three years since Vital procured the world-class Nechalacho rare earth deposit 110km southeast of Yellowknife, it has applied innovative, low impact technology and practices that cut the mine's carbon and physical footprint by 90 per cent compared to conventional metal mining. In its 2021 production season, it achieved extensive resident engagement with Indigenous employees making up over 70 per cent of its management and workforce.

In Saskatoon, beneficiated ore from the Northwest Territory will be processed to a high purity, mixed rare earth carbonate. This product will be exported to REEtec in Norway for separation into individual magnetic rare earth metals. The supply chain continues overseas, where Schaeffler Group of Germany, a major European auto parts manufacturer, has contracted with REEtec for the rare earths required to build electric motors for the burgeoning electric vehicle industry.



**Figure 1:** Vital Metals interim CEO Russell Bradford (centre with tie) and guests officially unveiled Vital's Saskatoon Rare Earth Processing Plant on Sept 20. Joining Mr. Bradford were officials of four levels of governments in Canada, Indigenous and Metis stakeholders, and guests representing four nations in Vital's rare earth supply chain.

The Company has also hosted a study tour for participants to learn about the importance of rare earths to their nations and citizens, with High Commissioners and Ambassadors from 30 countries touring Vital Metals' Saskatoon Rare Earth Processing Facility.



Figure 2: Diplomats from 30 countries toured Vital Metals' Saskatoon Rare Earth Processing Facility. Vital Metals/Stobbe Photo 19 October 2022

## **NECHALACHO RARE EARTHS PROJECT, CANADA (JORC RESOURCE: 94.7MT @ 1.46% REO)**

### **Tardiff drilling**

As reported last quarter, in July, Vital announced outstanding results for infill resource definition drilling at Tardiff Zone 1 within the Upper Zone at Nechalacho in Northwest Territories, Canada.

The Tardiff Zone 1 has a resource of 4.0mt @ 1.95 TREO% or 79,000kt contained TREO, part of the Upper Zone's light rare earth oxides (LREO) resource of 94.7 million tonnes at 1.46% TREO in the measured, indicated and inferred JORC 2012 categories (ASX announcement 13 December 2019). Tardiff Zone 1 is a higher-grade bastnasite rich area within this resource, targeted by the 2021 and 2022 drilling programs to upgrade the mineral resource confidence, so that mining and processing studies can be carried out for a starter open pit in the Upper Zone.

Vital's 2022 drilling program provided a better understanding of the mineralisation in the Tardiff Zone 1 area, with higher grade TREO continuing to the southeast, with wide intercepts above 1.5% in the southern portion of the close spaced drilling pattern. To the northwest of the drilling pattern, the high-grade zone appears to be closed off with typical Upper Zone grades around 1.5% TREO in the intercepts in this area. Data is being compiled, including an extensive historic QA/QC database, to inform a new mineral resource estimate to be completed in the next Quarter.

A deeper zone of higher-grade TREO identified in historic Avalon drill-holes in the northeast of the drilling pattern has been confirmed in the 2022 drilling and warrants follow-up drilling to outline





this higher-grade TREO zone. Currently this deeper higher-grade zone is on the northeast edge of the close spaced drilling pattern.

Significant intercepts above 1% TREO included:

- 13.7m at 3.91% TREO from 10.3m
- 22.95m at 2.21% TREO from 28.45m
- 32m at 2.11% TREO from 60m
- 48.1m at 2.03% TREO from 13m

Appendix 2 in ASX Announcement dated 22 July 2022 lists all 2022 drill holes and Table 1 in that announcement lists all significant intercepts above 1% TREO.

The 2022 drilling program provided enough close spaced drilling data for Vital to create a resource model for the Tardiff Zone 1 to allow follow-up mining and metallurgical studies to assess the viability to mining and processing the Tardiff Zone 1 area and form the basis of an engineering study for the development of Tardiff.

### **Results from First Commissioning of DMS Unit at Saskatoon Plant**

In the September quarter Vital announced high-grade results from the first commissioning of the DMS unit that were comparable to the total rare earth oxide (TREO) grade achieved from laboratory metallurgical testwork (ASX announcement 8 July 2022).

Results show the TREO concentrate grade (the Sinks) from the DMS plant achieved comparable grades to those seen in testwork, with 43.7% TREO achieved from the DMS Cyclone at Saskatoon, compared to 44.6% TREO achieved in laboratory conditions at SGS.

The DMS unit also achieved 75.2% recovery in its first run for a single pass, processing ~2,300kg of concentrate mined at Vital's Nechalacho rare earth project (North T zone), sorted onsite and then crushed at the Saskatchewan Research Council (SRC) facility adjacent to Vital's Saskatoon plant.

With the concentrate grade reaching the target, the plant will now undergo some adjustments and ultimately further trials will be conducted that involve taking the tails (floats) from the 1<sup>st</sup> pass and subjecting it to a second scavenging step to try and increase the recovery further, whilst maintaining the combined sinks concentrate grade >40% TREO.

Vital remains focused on completion of its Saskatoon plant and has agreed with REEtec to not proceed with producing the 3TQ sample, as originally planned, to enable all resources to be directed to completion of the production facility, without incurring additional costs. Completion of the plant is expected to occur in Q2 2023 and a more detailed update and production forecast will be made to the market during Q4 2022.

### **KIPAWA/ZEUS PROJECTS, CANADA**

Post quarter-end, in October 2022, Vital announced it had advised Quebec Precious Metals Corporation ("QPM") that it will not proceed with the acquisition of QPM's 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project in Quebec, Canada (the "Projects").



Vital's new management was not satisfied with the results of its due diligence on the Projects, in particular the ability to progress its understanding of the Kipawa (Kebaowek) First Nation's stated objection to the Projects and to determine whether support from the First Nation can ever be obtained for Vital's exploration and development of the Projects. The Company is also not satisfied with the technical due diligence completed by former management, which aimed to utilise alternate development and processing methodologies. Vital has informed QPM of its decision to terminate the agreement after not being able to agree on terms to extend the due diligence period to enable Vital to further reduce risk.

It has become evident to Vital that, given the excellent potential of the assets it currently holds, proceeding with the acquisition would divert funds from its current high priority Nechalacho Project construction, also noting that development of the Kipawa and Zeus Projects would not occur for several years.

Vital remains focused on its Saskatoon rare earths production facility and development of the Tardiff deposit at Nechalacho in NWT, Canada, which will consume all resources in the short to medium term.

In addition, the Company plans to develop the previously reported xenotime mineralisation at Nechalacho's North T pit near the base of the current mining envelope.

Development of this orebody would allow Vital to achieve its vision of producing commercial quantities of both light and heavy rare earths.

#### **WIGU HILL PROJECT, TANZANIA**

During the quarter, the Company continued discussions regarding the issuance of a Mining Licence for the Wigu Hill rare earth project.

#### **NAHOURI GOLD PROJECT, BURKINA FASO**

Vital Metals has suspended all exploration activity in Burkina Faso.

#### **AUE COBALT PROJECT, GERMANY**

There were no exploration activities on the Aue project in the June quarter.

#### **CORPORATE**

##### **Vital completes \$45M targeted Share Placement**

In August, Vital announced it had raised A\$45 million via a targeted share 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 via the issue of 1,125 million new fully-paid ordinary shares.



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 entered a subscription agreement with LHR which, among other things, provided 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.

The Placement comprised the issue of 1,125 million new fully paid ordinary shares (“New Shares”) in two Tranches at an issue price of A\$0.04 per share.

Settlement of Tranche 1 occurred on 10 August 2022 and settlement of Tranche 2 occurred on 18 October 2022 following approval at a General Meeting of Shareholders on 7 October 2022.

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

LHR is a mining-focused private-equity fund, aiming to invest strategic capital into mid-tier companies producing Future Critical Minerals essential for a prosperous, clean energy future.

### **Appointment of Interim Chief Executive Officer**

Vital announced the appointment of Russell Bradford as interim Chief Executive Officer (CEO) following its termination of the consultancy agreement between Atkins Projects and Infrastructure Pty Ltd and the Company, resulting in Geoff Atkins leaving the Managing Director role.

Mr Bradford joined Vital’s new Technical Advisory Committee following LHR’s A\$30 million investment as part of Vital’s A\$45 million targeted Share Placement.

Mr Bradford is a metallurgist with more than 30 years of project management and operational experience in the mining sector. He is a partner at LHR where he is primarily responsible for conducting and undertaking technical due diligence on mining projects and providing portfolio company oversight. He has worked in executive leadership positions in operational and project development and has played a key role in successfully developing and building projects for listed mining companies globally.

The material terms of Mr Bradford’s appointment are a contractor fee of A\$30,000 per month and a three-month contract term (extended monthly thereafter until a new CEO is appointed).

Vital is well-advanced in its search for a new Managing Director/Chief Executive Officer.



### **Appointment of Chief Financial Officer**

Vital Metals announced the appointment of experienced finance executive Damon Colbert as its Chief Financial Officer in September.

Mr Colbert has more than 20 years' experience in finance, business and banking roles. He joins Vital from wireless infrastructure provider Axicom Pty Ltd, where he was Head of Finance for nearly five years. Prior to that, he was Group Financial Controller for The Star Entertainment Group (ASX: SGR) in Sydney, responsible for group reporting, tax and treasury activities and implementing a capital management framework for the group's property development activities.

### **Appointment of Chief Operating Officer**

Post quarter end, Vital Metals announced the appointment of project management professional Eben Visser as its Chief Operations Officer ("COO"), effective 11 November 2022.

Mr Visser brings more than 15 years of dynamic engineering and project leadership to the role and has extensive experience through the project development, construction, and operational readiness in the mining and metals industry. Mr Visser is based in Canada which assists with managing contractors to the projects and provides good accessibility to the Company's Canadian assets negating the need for travel.

### **Appointment of Non-Executive Directors**

Vital also announced the appointment of Mr Richard Crookes and Mr Paul Quirk as Non-Executive Directors, following completion of Tranche 1 of the A\$45 million Placement. Mr Crookes and Mr Quirk joined the Board as nominees of LHR.

Richard Crookes is managing partner of LHR and chairman of the Investment Committee. He has more than 35 years of global resource industry experience across a diverse range of projects, geographies and commodities as both an operator and investor. He is Chairman of Black Rock Mining (ASX:BKT) and a non-executive Director of Lithium Power International (ASX:LPI).

Mr Crookes holds a BSc in Geology and a Grad Dip in Applied Finance and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), a Fellow of the Financial Services Institute of Australia (FINSIA) and a member of AICD.

Paul Quirk is a partner at LHR and is responsible for originating new investment opportunities and building and maintaining investor relations. Mr Quirk has had a successful career as a private equity investor, with more than 15 years of private equity and operational experience in mining and other industries. Before LHR, Mr Quirk co-founded Lionhead Capital Partners, a multi-strategy principal investment firm focused on mining, real estate and private equity investing. He was one of the founding partners of Cora Gold, a gold exploration and development company operating in Mali.



## Cash position

As of 30 September 2022, the Company held approximately \$33.3m in cash.

During the quarter, the Company made payments of \$70k to related parties and their associates. These payments relate to existing remuneration agreements for Non-Executive Directors.

During the quarter, Vital spent \$2.4 million on exploration and evaluation expenditure and mine under development costs. Details of activities carried out during the quarter are set out in this report.

## TENEMENT SCHEDULE

Location	Tenement	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Canada	Nechalacho	100%*	100%	0%	100%
Burkina Faso	Nahouri	100%	100%	0%	100%
	Kampala	100%	100%	0%	100%
	Zeko	100%	100%	0%	100%
Germany	Aue	100%	100%	0%	100%
Tanzania	Wigu Hill	0%**	0%	0%	0%

\* Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level.

\*\* Vital has entered into an agreement to acquire this licence. The Company is awaiting the issuance of the licence by the Tanzanian Government.

**- ENDS-**

### Contact:

Mr Russell Bradford  
Interim Chief Executive Officer  
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 Canada's first rare earths producer following commencement of production at its Nechalacho rare earths project in Canada in June 2021. It holds a portfolio of rare earths, technology metals and gold projects located in Canada, Africa and Germany.

### Nechalacho Rare Earth Project - Canada

The Nechalacho project is 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 before expanding into a large scale operation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a JORC Resource of **94.7MT at 1.46% TREO** comprised of a Measured Resource of 2.9MT at 1.47% TREO, an Indicated Resource of 14.7MT at 1.5% TREO, and an Inferred Resource of 77.1MT at 1.46% TREO.

### Compliance Statements

This announcement contains information relating to exploration results in respect of the Nechalacho Project extracted from ASX market announcements dated 8 July 2022 "Vital Produces High Grade Concentrate at Saskatoon Plant" and 22 July 2022 "Vital Intersects Further Broad Zones of REO at Tardiff" and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of





Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). VML confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

This announcement contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from an ASX market announcement reported previously and published on the ASX platform on 13 December 2019 "Vital Announces JORC 2012 Compliant Resources for the Nechalacho Rare Earth Deposit". 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 the original market announcement continue to apply and have not materially changed.

#### **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.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VITAL METALS LIMITED

ABN

32 112 032 596

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(89)	(89)
	(b) development	-	-
	(c) production / inventory	(105)	(105)
	(d) staff costs	(372)	(372)
	(e) administration and corporate costs	(624)	(624)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	34	34
1.5	Interest and other costs of finance paid	(6)	(6)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	17	17
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,145)</b>	<b>(1,145)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(8,274)	(8,274)
	(d) exploration & evaluation, mine properties	(2,371)	(2,371)
	(e) investments	-	-
	(f) other non-current assets	(1)	(1)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10,646)</b>	<b>(10,646)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	41,705	41,705
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	160	160
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,143)	(2,143)
3.5	Proceeds from borrowings	353	353
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(110)	(110)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>39,965</b>	<b>39,965</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,158	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,145)	(1,145)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10,646)	(10,646)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	39,965	39,965

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	33,331	33,331

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	32,211	4,061
5.2	Call deposits	1,120	1,097
5.3	Bank overdrafts		-
5.4	Other (provide details)		-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	33,331	5,158

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	70
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7. Financing facilities</b> <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A’000</b>	<b>Amount drawn at quarter end \$A’000</b>
7.1 Loan facilities	1,382	1,382
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	1,382	1,382
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The Group has received all the unsecured loan with the Canadian Economic Development Agency (“CanNor”), with no interest payable. The repayment period is over 10 years, commencing 1 April 2023.</p> <p>Vital Metals Canada Limited has signed a funding agreement with PrairiesCan for C\$5m. It is anticipated that C\$3m will be received in the next quarter and C\$2m to be received in the March 2023 quarter. The interest rate is nil and repayment will occur monthly over 5 years from 1 April 2024.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,145)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,371)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,516)
8.4 Cash and cash equivalents at quarter end (item 4.6)	33,331
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	33,331
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	9.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	



8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.