

REETEC INCREASES OFFTAKE OF VITAL'S REO BY 50%

HIGHLIGHTS

- Vital's offtake agreement with REEtec amended to increase volume by 50%
- Off-take agreement to supply 750t/yr NdPr over 5 years
- Increase equates to 75% of Vital's expanded Saskatoon rare earth extraction plant capacity
- REEtec is using Vital's product as its principal feedstock
- Amended agreement extends Vital's product sales to REEtec to 2028 with option for an additional expanded 10-year agreement
- Vital's Saskatoon plant is under construction with commissioning to commence end of year and commercial production expected mid-2022.

Vital Metals Limited (ASX: VML) ("Vital", "Vital Metals" or "the Company") is pleased to announce it has amended its offtake agreement with Norway-based REEtec AS ("REEtec"), increasing the volume of product sold to REEtec by 50%.

Under the amended agreement, Vital will sell to REEtec rare earth carbonate product containing a minimum of 750t Neodymium/Praseodymium (NdPr), contained within 2,000t/year total rare earth oxides (TREO) with a maximum of 25% Cerium. This represents a total of 75% of Vital's expanded operation at its Saskatoon rare earths extraction plant (refer to ASX announcement dated 5 October 2021), and represents a 50% increase in the product to be supplied under the existing Definitive Off-take Agreement (refer to ASX announcement dated 2 February 2021).

Vital Metals' Managing Director Geoff Atkins said: *"This 50% increase in product to be sold to REEtec represents a vote of confidence in Vital Metals' ability to guarantee feedstock to the European rare earths supply chain."*

"This increase will result in the expansion of our Saskatoon plant to double capacity by the end of 2023 with REEtec taking 75% of the plant capacity from that time. There's also potential for a long-term supply agreement for an additional 10 years after 2028, which would give us a guaranteed market for our products as we look to extend Nechalacho's mine life in Stage 2 operations and bring our other projects on-line."

REEtec's CEO Sigve Sporstøl said:

"We are very pleased to have partnered with Vital Metals and to have established a fruitful cooperation which will benefit both our companies. The increased supply of NdPr enables us to further strengthen our position as a supplier of high-quality products based on a sustainable manufacturing process and a transparent supply chain."



Vital achieved customer acceptance of its rare earth product from REEtec in May 2021 in accordance with the Definitive Offtake Agreement. REEtec subsequently decided to use Vital's product as principal feedstock for its rare earth separation facility, which called for a 50% increase in product volume. In addition, the contract volumes will now be defined by quantities of NdPr which Vital will supply to REEtec under an amended agreement.

Amended Agreement Terms

Under the amendment to the Definitive Offtake Agreement, Vital will sell REEtec a minimum of 750t per annum NdPr over five years (total 3,750t NdPr) contained within approximately 2,000t per annum TREO. Vital's process will naturally remove a significant percentage of cerium with the final product to contain a maximum of 25% cerium.

Reflecting the planned ramp-up schedule of the Saskatoon Rare Earth Extraction Plant over the first 12 months of operation, Vital will deliver to REEtec an initial 187.5t NdPr (contained within approximately 500t TREO) by October 2023 with the remaining product to be delivered at regular intervals over the following five years.

The amended agreement extends Vital's product sales to REEtec to 2028 and also provides the option to further expand operations during an additional 10-year long-term supply agreement to provide up to 2,500t NdPr per annum contained within ~6,800 tonnes TREO (containing a maximum 25% cerium).

All other terms of the Definitive Offtake Agreement remain as set out in the Company's announcement of 21 December 2020.

About REEtec

REEtec has developed a new, unique process for the separation of high purity rare earth elements. Its patent-pending technology has been proven through successful operation of an industrial-scale demonstration plant at the Herøya Industrial Park near Porsgrunn, Norway. The process combines high efficiency and a competitive cost structure with best-in-class environmental friendliness.

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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

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 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 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.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.