Annual Report

For The Year Ended
30 June 2022

Company Details

Directors

Evan Cranston - Non-Executive Chairman
James Henderson - Non-Executive Director
Richard Crookes - Non-Executive Director
Paul Quirk - Non-Executive Director

Company Secretary

Ms Louisa Martino

Banker

National Australia Bank Ltd
Level 14
100 St Georges Tce
Perth, WA, 6005

Auditors

BDO Audit (WA) Pty Ltd
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Perth, WA, 6000

Registered Office and Principal Place of Business

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Stock Exchange

The Company's securities are quoted on the official list of the Australian Securities Exchange Limited (ASX code: VML);
OTCQB Venture Market (OTCQB Code: VTMXF)

Share Registry

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Chairman's Letter

We achieved laboratory test grades for total rare earths of 75% in our first run during commissioning of the dense media separation plant, which is an amazing result and we are working to further optimise our operations before ramping up to full production

Evan Cranston, Chairman

Dear Fellow Shareholders,

Welcome to the 2022 Annual Report for Vital Metals Limited (ASX: VML | OTCQB: VTMXF), as we reflect on a year that saw our Company's continued transformation and growth as a North American rare earths producer.

During the year, we outlined our strategy to become the world's first producer of commercial quantities of both light and heavy rare earths and we are taking the necessary steps to achieve this goal, which is exciting for our future.

We followed our first mining campaign at Nechalacho, completed in October 2021, with the development of our rare earths extraction plant at Saskatoon in Canada. We are progressing our goal of rare earth carbonate production despite challenging and uncertain operating conditions that have included travel restrictions and lockdowns, supply chain issues, labour shortages and rising costs.

Our Saskatoon plant is processing ore mined at Nechalacho's North T deposit in the first stage of our three-stage strategy. We achieved laboratory test grades for total rare earths of 75% in our first run during commissioning of the dense media separation plant, which is an amazing result and we are working to further optimise our operations before ramping up to full production.

As we look to expand our operations, we will develop the larger Tardiff deposit at Nechalacho to create a large-scale, long-life rare earths project. Our drilling at Tardiff returned encouraging results as we work towards definition of a maiden Ore Reserve for the Zone 1 module. Tardiff also returned positive results from Zone 1 metallurgical testwork that achieved a final concentrate with a total rare earth oxide (TREO) of 39.9% at a recovery rate of 53.7%. We are confident this will allow us to use a similar process flowsheet for the ore mined at Tardiff as we are using to produce a rare earth concentrate from North T, with the addition of a flotation stage. This is very positive for the future economics of the project.

Our management team has vast experience in the rare earths sector, including heavy rare earths, and we will leverage this knowledge to build a company that can meet the growing demand for rare earths produced in stable geo-political territories.

We are proud of our ESG performance. Our team strives to build respectful relationships with our Indigenous stakeholders and to be a leader among emerging production companies in ensuring benefits to our local communities, protecting the environment and ensuring the health and safety of our employees.

During the year, we commenced trading on the OTCQB, a US trading platform operated by the OTC Markets Group in New York. While the ASX remains our primary market, cross-trading to the OTCQB offers Vital the opportunity to build visibility, expand liquidity and diversify our shareholder base in North America on an established public market. This was an exciting step for our Company and positions us in a new peer group.

Post year-end, we completed a transformational A$45 million targeted Share Placement to complete our transition from exploration and development to production and operations.

This allows us to enter the operational phase of our Saskatoon plant with a robust balance sheet that can sustain our production well into the future, as well as accelerate our mining studies and permitting for Tardiff's development. We thank our Shareholders for your support in this and welcome our new investor Lionhead Resources Fund, who was the cornerstone of the placement with a A$30 million investment. Lionhead brings a wealth of knowledge and experience that will benefit Vital as we continue to progress our three-stage strategy.

As part of this investment, we have welcomed Lionhead representatives, Richard Crookes and Paul Quirk to our Board as Non-Executive Directors, as well as Russell Bradford who has joined our newly formed Technical Advisory Committee and as interim CEO. This shift heralds a new era at Vital and we are excited about what the future holds for our company.

I thank my fellow Directors and our management team, for their stellar efforts over the past 12 months to help Vital cement its position as an emerging North American rare earths producer. It certainly has been a busy and productive year, and the progress we have achieved has only been possible with the efforts and teamwork from people working right across our operations.

Important milestones lie ahead for us in the coming year, such as our first delivery to REEtec, as we continue to execute our development strategy. I am looking forward to sharing our progress with you over the coming months.

Yours sincerely
Evan Cranston, Chairman

Review of Operations

Nechalacho Rare Earths Project, Canada

During the year, Vital outlined a strategy to become the world's first rare earths producer capable of producing commercial quantities of both heavy and light rare earths, with 2022 work programs focusing on this. Its three-stage development plan includes:

Stage 1: Foundations - North T deposit, Nechalacho

- Demonstrate the ability to supply rare earth feedstock at specification critical for rare earth customer acceptance protocols.
- Generate positive cashflow to fund expansion.
- Transport ore mined at North T for processing at Saskatoon.

Stage 2: Expansion and Growth

- Tardiff, Nechalacho:
  - Large-scale operation to provide long-term security to the rare earth supply chain capitalising off a 1 million contained ton rare earth resource.
- Wigu Hill, Tanzania:
  - Provides expansion capability through an additional project.
  - Large carbonatite (6km+ strike) with limited drilling.
  - Multiple projects enable the flexibility to react quickly to changes in market demand and customer requirements.

Stage 3: Heavy Rare Earth Production – North T Xenotime/ Kipawa

- Enables Vital to be a 'one stop shop' for the supply of the full suite of rare earths.
- Enable Vital to meet US requirement for non-Chinese heavy rare earths.
- Vital to become the first producer of commercial quantities of both light and heavy rare earths.

Vital's three-stage strategy focuses on growth via the Tardiff deposit at Nechalacho (which has a contained REO resource of more than 1 million contained tons), as well as development of the Wigu Hill rare earths project in Tanzania, where Vital is continuing discussions for a Mining Licence.

Vital Metals announced JORC 2012 compliant Mineral Resources for its Nechalacho project in December 2019 which included an MRE for the North T Zone, demonstrating that the deposit contained two distinct zones of REE mineralisation, a bastnaesite subzone at surface and an underlying xenotime subzone.

This was based on updated geological interpretations and a validated historic database, prepared according to the 2012 JORC code. Although historic assays were validated by core duplicates and the drill coverage was considered adequate, due to a lack of QAQC records for the historic assays, the resources were classed as indicated and inferred.

Vital partially mined the bastnaesite zone at North T in its 2021 mining campaign, and the xenotime zone lies near the base of the proposed final mining envelope.

Xenotime Subzones	Cut-off grade (Y_2O_3)	Tonnage	Nd_2O_3 %	CeO_2 %	Y_2O_3 %
Indicated	>0.1%	346,270	Not Estimated	0.156	0.271
Inferred	>0.1%	4,700		0.177	0.224
Indicated + Inferred	>0.1%	350,970		0.156	0.270

Table 1 – JORC resources at North T Zone – 2019 [1]

Mining at Nechalacho

Vital completed a maiden mining campaign at its 100%-owned Nechalacho Rare Earths Project in Yellowknife, Northwest Territories ("NWT"), Canada during the period.

Local contract mining company Det'on Cho Nahanni Construction mined nearly 58,000 tonnes of ore from the North T pit at Nechalacho during a five-month campaign, totalling about two thirds (68%) of overall material planned to be mined during the campaign, with 408,000 tonnes of the planned 599,000 tonnes mined.

Vital's ore sorter at Nechalacho exceeded expectations, enabling the Company to successfully sort lower-grade material previously below the resource cut-off not included in the mine plan.

Vital also intersected a high-grade zone, the 'dragon's tail', at North T during mining which has prompted the Company to review its mine plan. This mine plan redesign is scheduled to occur through 2022.

Vital produced more than 1,000 tonnes of beneficiated product at site for processing at the Saskatoon rare earths extraction facility. In addition, Vital stockpiled nearly 11,000m^3 of material on site at Nechalacho, comprising high-grade (1,630m^3) and low-grade (4,240m^3) crushed material and fines (4,770m^3), which it will process on site.

1 Refer ASX Announcement dated 13 December 2019 – Nechalacho Rare Earth Deposit – JORC 2012 Resources. Mineral Resource Estimation prepared in accordance with JORC 2012 under the supervision of Dr. William Mercer, registered Professional Geoscientist (P. Geo.) in the Northwest Territories and Ontario, Canada, as the Competent Person. The cut-off grade for this resource estimate is preliminary, at pre-scoping study level, as no detailed market, metallurgical or engineering studies have been performed.

Drilling adds to development plans

During drilling on Nechalacho's Tardiff Zone to design a mine plan for Stage 2 operations, Vital reported outstanding first-pass assay results from the Tardiff Zones 2 and 3. The results added potential to extend the mine life of the Nechalacho project significantly, with further drilling needed to better define the Tardiff zones, which remain open in all directions.

Vital commenced resource definition drilling at the Tardiff deposit at Nechalacho, with 48 holes planned to follow up on results from its 2021 program at Tardiff Zone 1, aiming to extend known high-grade REO mineralisation along the trends. It will use results from 2022 drilling to update a Mineral Resource Estimate for the high-grade Tardiff Zone 1 area, aiming to convert existing Inferred resources to Measured and Indicated resources, with the potential to be converted into reserves, with previous drilling identifying high grade zones opening the possibility for the contained tonnage to increase.

Tardiff is part of the Upper Zone at Nechalacho, which boasts an impressive light rare earth oxides (LREO) resource of 94.7 million tonnes at 1.46% TREO in the measured (2.9 million tonnes at 1.47%), indicated (14.7 million tonnes at 1.51%) and inferred (77.1 million tonnes at 1.46%) JORC 2012 categories. Tardiff Zone 1 is a higher-grade bastnaesite-rich area.

Vital designed the drill plan to extend the north-northwest-south-southwest trending zone from the known 75m of strike to 250m of strike length with three rows of holes to the north and three rows south of the zone. This aimed to intersect a zone of +2% REO on the west side of the 2021 drilling pattern that remained open.

The close-spaced drilling at Tardiff Zone 1 defined a strong zone of higher grade REO mineralisation with wide intersections greater than 1.5% TREO. The higher grade mineralisation in Tardiff Zone 1 was drilled on a 25m grid over 250m x 250m with material above 1.5% TREO open in most directions.

The 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. A deeper zone of higher grade TREO identified in historic Avalon drillholes 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.

Best results[2] from the program 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

The 2022 drilling program has 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.

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

North Tardiff testwork

In June 2022, Vital announced results from metallurgical testwork completed on samples from the Tardiff Zone 1 deposit, part of its Nechalacho rare earths project in Northwest Territories, Canada, had exceeded the Company's expectations.

A 550kg sample from Tardiff Zone 1 underwent testwork to a scoping study level using a similar flowsheet to that which Vital is using to produce a rare earth concentrate from the North T deposit at Nechalacho – sorting and gravity separation with the addition of a flotation stage.

This three-stage process produced a final concentrate with a total rare earth oxide (TREO) of 39.9% at a recovery rate of 53.7%. Final concentrate grades of 39.9% and exceptionally low mass pull of 3.3% will allow Vital to capitalise on a smaller, lower CAPEX hydrometallurgical plant. Final concentrate grade for neodymium oxide (Nd2O3) was 7.07% at an overall recovery of 51.4%.

Testwork was undertaken by Lakefield SGS in Canada and managed by Independent Metallurgy Operations (IMO) in Perth, WA, in consultation with Vital Metals' COO Tony Hadley, analysing the overall circuit performance of the:

- **Stage 1:** Sorting
- **Stage 2:** Gravity Separation by Dense Media Separation on coarse material and Shaking Table on finer material
- **Stage 3:** Flotation using a multistage rougher, cleaner flotation circuit to generate a final concentrate suitable to be fed into a downstream hydrometallurgical circuit.

A range of grade recovery curves was achieved, and the high grade 39.9% TREO @ 66% recovery concentrate (predominantly light rare earth bastnaesite) will undergo hydrometallurgical test-work together with a lower grade 20% TREO concentrate at ~76% recovery (light + heavy rare earth mineralisation). Results highlight Vital's ability to process Tardiff mineralisation through a similar process flowsheet as Vital is using for the North T deposit at Nechalacho.

IMO is evaluating sequential flotation testwork to determine if separate high-grade light and heavy rare earth concentrates can be generated from Tardiff mineralisation, to create the potential for separate processing and revenue pathways for light and heavy rare earths.

Concentrate stream	Assays (%)			Recovery (%)			Overall Recovery (%)		
	TREO	Y_2O_3	Nd_2O_3	TREO	Y_2O_3	Nd_2O_3	TREO	Y_2O_3	Nd_2O_3
Stage 1 Sorting	3.14	0.08	0.57	91.7	90.8	91.4	91.7	90.8	91.4
Stage 2 Gravity	4.57	0.08	0.79	88.8	79.0	88.9	81.4	71.7	81.2
Stage 3 Flotation	39.9	0.27	7.07	66.0	19.0	63.3	53.7	13.6	51.4

Table 2 North Tardiff Testwork Summary (39.9% TREO Final Concentrate Grade) – refer ASX release 28 July 2022

Cheetah Resources Environmental Officer Cody Drygeese, of the Yellowknives Dene First Nation, tests a water sample at the Nechalacho Rare Earth Mine water settling pond.

Saskatoon rare earth extraction facility, Canada

Vital commenced development of its rare earth extraction facility in Saskatoon, Saskatchewan, Canada, during the period, procuring equipment based on a start-up production capacity of 1,000t/year excluding cerium (equivalent to 470t/year of NdPr) with Stage 2 expansion capacity of 2,000t/year excluding cerium (940t/year NdPr). This represents a plant throughput 50% larger than initially planned, with the expanded capacity providing Vital with the opportunity to further double its production capacity.

Through its equipment specification and procurement, Vital has considered which equipment is necessary for initial plant production and requirements for an expanded plant throughput in Stage 2. Of equipment procured, Vital has oversized some items to satisfy the requirements for expanded operations.

Vital engaged an experienced "Principal's Representative" to oversee the Project's delivery and work with Halyard in project managing the delivery of the works. In addition, Vital signed an agreement with the Saskatchewan Research Council (SRC) to provide technical support with the construction and operation of the plant and ensure ongoing collaboration between Vital and SRC as it develops the SRC Rare Earth Processing Facility nearby.

Construction of the plant continued through the December quarter with all major equipment ordered and deliveries commencing, however there were several delays due to shipping bottlenecks which affected progress, and first feed into the plant was delayed.

In April 2022, Vital's wholly owned subsidiary, Vital Metals Canada Limited ("VMCL"), signed a funding agreement with PrairiesCan (formerly Western Economic Diversification Canada) for C$5 million, provided under Canada's Jobs and Growth Fund, which will assist with Vital's working capital during ramp-up of the Company's operations, including establishing the Saskatoon facility, for processing bastnaesite concentrate to produce a mixed rare earth carbonate.

Vital announced it had commenced feeding ore into a dense media separation (DMS) plant as part of commissioning the extraction plant in June 2022. Following this, it announced high-grade results from the DMS unit commissioning that were comparable to the total rare earth oxide (TREO) grade achieved from laboratory metallurgical testwork[3].

3 Vital Metals ASX Announcement 8 July 2022

Results showed 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. The SRC is providing technical support during the construction and operation of the plant as part of ongoing collaboration, allowing Vital and SRC to maximise potential synergies between the two operations.

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 first 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's sample processed was crushed to -2mm, with material -2mm and greater than 0.5mm being fed to the DMS cyclone at SG of 2.7, which was slightly lower than the target SG of 2.85, providing opportunities for further optimisation. The -0.5mm material will be processed through shaking tables as part of the overall commissioning process. Vital will use results from the DMS unit's first run to finetune its Saskatoon operations.

Products	Assays, % TREO*		Percentage Distribution (%)	
	SGS	Vital	SGS	Vital
S.G.	2.86	2.70	–	–
DMS Feed	27.8	26.13	100.0	100.0
DMS Con (SINKS)	**44.6**	**43.7**	**90.4**	**75.2**
DMS Tails (FLOATS)	6.16	11.8	9.6	24.8

* The % TREO recovery using the 2 product formula C*(F-T)/F*(C-T)*100 = 75.2% for a single pass.

Table 3 Results from commissioning Vital's DMS plant at Saskatoon – refer ASX release 28 July 2022

Vital will incrementally commission the remaining circuits of the process flow sheet over the coming months, with plans to produce a 2.5-tonne rare earth carbonate sample for offtake partner REEtec Ag as the next step of product qualification. This approach will focus on producing product at specification, minimising off-spec production and waste, prior to the commencement of production ramp-up.

Vital's Saskatoon plant will have initial throughput capacity of 1,000 tonnes/year of rare earth oxide (REO) excluding cerium, which is equivalent to ~470t NdPr/year, increasing to 2,000 tonnes/year REO excluding cerium, equivalent to 940t NdPr/year, in Stage 2.

Under Vital's amended offtake agreement with REEtec, following REEtec's decision to use Vital's product as its principal feedstock for its rare earth separation facility, Vital will incrementally deliver 187.5t NdPr (contained within approximately 500t TREO) to REEtec by October 2023 and a minimum of 750t/year NdPr over five years (total 3,750t NdPr) contained within approximately 2,000t/year TREO. Vital's process will naturally remove a significant percentage of cerium with the final product to contain a maximum of 25% cerium.

In April 2022, REEtec signed a supply agreement with Frankfurt-listed German auto parts supplier Schaeffler AG ("Schaeffler") (FRA: SHA). This first of its kind deal, encapsulating the entire rare earth supply chain from raw material to electric motors, secures Vital's revenue from the sale of its product to REEtec and confirms REEtec's viability as an offtake partner as it progresses to build a commercial separation facility.

Vital also has a Memorandum of Understanding ("MOU") with Ucore Rare Metals (TSX -V: UCU, OTCQX: UURAF) for Vital to supply rare earth carbonate feedstock for Ucore's ALASKA2023 project. Under the MOU, Vital will sell Ucore a minimum of 500t REO (ex-cerium)/year, commencing H1 2024.

Kyle Beyha, a Sahtu Dene and night shift supervisor at the North T rare earth mine.

Heavy rare earths projects

Vital signed a binding term sheet with Quebec Precious Metals Corporation (TSX.V: QPM, OTCQB: CJCFF, FSE: YXEP) ("QPM")) to acquire QPM's 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project (the "Projects") for C$8m, payable over four years. Joint Venture partner Investissement Québec ("IQ") holds the remaining 32% of the Kipawa project on a contributing basis.

The Projects total 73 claims over $43km^2$ and lie in the Grenville geological province, approximately 55km south of the geological contact with the Superior geological province. The lithologies consist mainly of gneiss with a grade of metamorphism ranging from the greenschist facies to the amphibolite-granulite facies.

Kipawa is a heavy rare earths project, located 50km from Temiscaming in Quebec, with a non-JORC compliant Mineral Resource Estimate[4]. It is defined by three enriched horizons within the "Syenite Complex", which contains some light rare earth oxides but primarily heavy rare earth oxides. Drilling since 2011 totals 293 drill holes (24,571m) and was used to prepare a feasibility study which was completed by Matamec Explorations Inc. in 2013.

The Company's xenotime resource at North T sits beneath the base of the current mining envelope allowing Vital to accelerate plans to become a producer of both rare earths groups.

4 ASX Announcement 11 August 2021: Vital Metals Ltd enters agreement to acquire heavy rare earths projects

The Yellowknives Dene Drummers performed traditional songs and hand games for guests at the unveiling of Vital's Rare Earth Processing Facility in Saskatoon in September, 2022.

From left: Ethan Sundberg, Gordie Liske, Randy Baillargeon, Paul Betsina, Blake Baillargeon and Cody Drygeese.

Denenu Kue Chief Louis Balsillie and his family with a load of core boxes made at Fort Resolution, NWT. They hauled the load via Cheetah's ice road in the spring of 2021.

Rare earth offtake agreements

Vital 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, and represents a 50% increase in the product to be supplied under the existing Definitive Offtake Agreement announced in February 2021.

The amended agreement extends Vital’s product sales to REEtec to 2028 and 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).

In addition, Vital signed a non-binding Memorandum of Understanding (“MOU”) with rare earth processing technology developer Ucore Rare Metals Inc. (TSX-V: UCU, OTCQX: UURAF, “Ucore”) for the supply of rare earth carbonate.

Ucore is focused on developing rare earth processing technologies through its ALASKA2023 project, with the goal of fostering an independent American REE supply chain and it aims to secure a US allied REE feedstock source.

The main terms of the non-binding MOU are as follows:

- Vital will sell to Ucore a minimum of 500t REO (ex-cerium)/year by H1 2024.
- Vital will expand its operations to supply to Ucore a minimum of 50% of Ucore’s proposed 5,000t TREO/year RE separation plant by 2026.
- Customer acceptance protocols will include the supply of a sample (1-2kg)

ESG Performance

The Company continues to build mutually respectful relationships with our Indigenous stakeholders. Cheetah was recognised as "the first mining company in Canada to contract an Indigenous group to be a miner on their traditional lands".

Compared to its peers, the Company achieved outstanding Indigenous and local employment and procurement levels and was a leader in introducing COVID-19 protection for its employees. The Company is widely acknowledged for its environmental innovation and adapting and adopting technologies such as sensor-based ore sorting that significantly reduce environmental impact.

The Nechalacho mine hosted Indigenous, community, regulatory, government, and academic visitors seeking to learn about Vital's ESG approach and Canada's first rare earth mine. Post-year-end, Cheetah Resouces completed its first Towards Sustainable Mining Gap Audit to qualify for membership in the Mining Association of Canada.

Wigu Hill Project
Tanzania

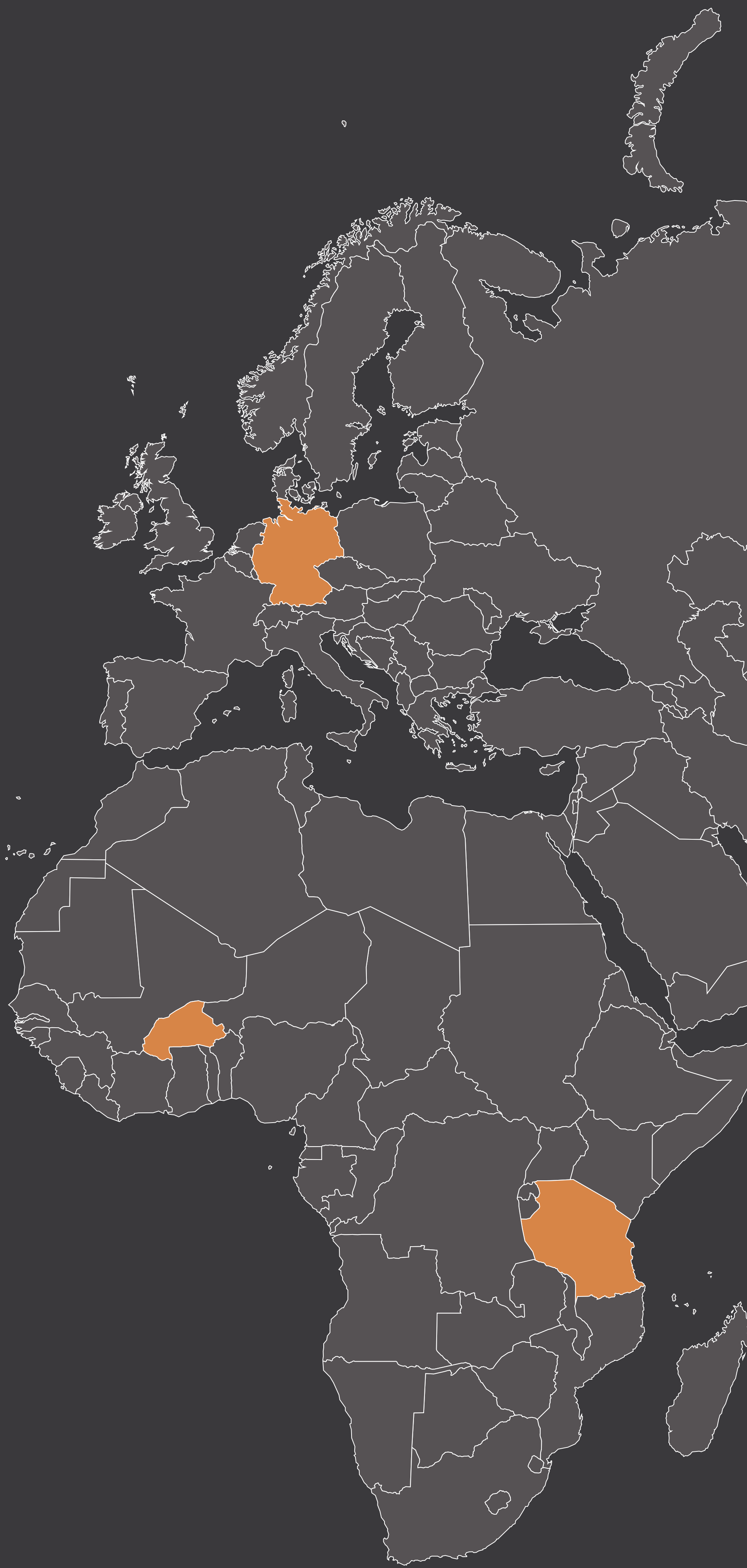
The Company continued discussions with the Tanzanian Government regarding the issuance of a Mining Licence (ML) for the Wigu Hill rare earth project during the period.

Nahouri Gold Project
Burkina Faso

There were no exploration activities at Vital's Burkina Faso project during the period.

Aue Cobalt Project
Germany

There were no exploration activities at Vital's Aue project during the period.



Compliance Statements

This Annual Report contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from ASX market announcements reported previously and published on the ASX platform on 13 December 2019 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 announcements and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed.

This Annual Report contains information relating to Exploration Results extracted from ASX market announcements reported previously and published on the ASX platform on 8 July 2022, 22 July 2022 and 28 July 2022. 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.

The TOMRA sensor-based sorter uses x-ray, computer and air jet technology to dry-sort bastnaesite ore from country rock without water or chemicals.

Annual Mineral Resource Statement

Nechalacho Rare Earths Project

The Company's Mineral Resources Statement has been complied and is reported in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC 2012 edition) and Chapter 5 of the ASX Listing Rules.

Vital's governance arrangements and internal controls for reporting its Mineral Resources Estimate includes reporting on an annual basis and in compliance with the 2012 Edition of JORC and the ASX Listing Rules. The Competent Person is suitably qualified and experienced, as defined in the 2012 Edition of JORC.

As at 30 June 2022, the Nechalacho Rare Earths Project has Mineral Resource Estimates, as defined in Tables 4 and 5 below. There have been no changes to the Mineral Resource Estimates for the Upper Zone since the 2021 Annual Resources Statement. The North T Mineral Resource estimates have been depleted by mining since the 2021 Annual Resource Statement. The depleted Mineral Resource estimates for the North T are stated in Table 5 below.

Confidence category	ND_2O_3 cut-off grade (%)	Tonnage (Mt)	REO (%)	Vital (%)	HREO (%)	ND_2O_3 (%)	PR_6O_{11} (%)
Measured	0.1	2.914	1.468	1.326	0.142	0.288	0.077
Indicated	0.1	14.662	1.508	1.372	0.137	0.295	0.080
Inferred	0.1	77.159	1.456	1.323	0.133	0.291	0.077
Total	**0.1**	**94.735**	**1.464**	**1.330**	**0.134**	**0.291**	**0.078**

Table 4 – Nechalacho Rare Earths Project, Canada Mineral Resource Estimates for the Tardiff Upper Zone – refer ASX release 13 December 2019

Confidence category	30 June 2021			2021 – 2022 Depletion			30 June 2022		
	Kilo Tonnes	LREO (%)	LREO Tonnes	Kilo Tonnes	LREO (%)	LREO Tonnes	Kilo Tonnes	LREO (%)	LREO Tonnes
Measured	68	9.60	6,528	4	5.87	228	64	9.83	6,300
Indicated	33	7.80	2,574	3	10.07	313	30	7.56	2,261
Total	**101**	**9.01**	**9,102**	**7**	**7.74**	**541**	**94**	**9.11**	**8,561**

Table 5 – Nechalacho Rare Earths Project, Canada Mineral Resource Estimates for the North T Deposit after mining depletion in 2021 – refer ASX release 15 April 2020

Nechalacho Rare Earths Project

The annual Mineral Resources Estimate in respect of the Nechalacho Rare Earths Project is based on, and fairly represents, information and supporting documentation prepared by a competent person. The Mineral Resource Estimate as a whole has, as to the form and content in which it appears in the Annual Report, been approved by Mr Brendan Shand. Mr Shand is a Competent Person, a member of the Australasian Institute of Mining and Metallurgy and an employee of the Company. Mr Shand has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shand consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tenement Schedule

The Group's tenement schedule is as follows:

Location	Tenement	Beneficial Interest
Canada	Nechalacho*	100%
Burkina Faso	Nahouri	100%
	Kampala	100%
	Zeko	100%
Germany	Aue	100%
Tanzania	Wigu Hill**	0%

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

** Vital has signed a project development and option agreement to acquire Wigu Hill. The Company has the right to acquire the licence upon the issuance of the licence by the Tanzanian Government

Directors' Report

The Board of Directors present their report on the Consolidated entity (referred to hereafter as the Group) consisting of Vital Metals Limited and the entities it controlled at the end of, or during the year ended 30 June 2022.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Photo Below: : Nechalacho is resupplied by a 130 km ice road from Yellowknife. It was opened in March of 2021 by former Yellowknives Dene Chief Ernest Betsina, flanked by Cheetah officials David Connelly and Ray Anguelov.

Names, qualifications, experience and special responsibilities

Mr Evan Cranston

Non-Executive Chairman

Mr Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm, Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations. He holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia. Mr Cranston is a former Non-Executive Director of New Century Resources Limited (ASX: NCZ) and Boss Resources Limited (ASX: BOE). He is currently Executive Chairman of African Gold Ltd (ASX: A1G), Non-Executive Director of Carbine Resources Limited (ASX: CRB), Non-Executive Chairman of Firebird Metals Limited (ASX: FRB) and Chairman and Director of TSX-listed Benz Mining Corp (TSX-V:BZ).

Photo Below: Vincent Laniece, General Manager of Vital's Saskatoon Rare Earth Processing Facility, explains the soon-to-be completed plant and its processes to some of the 200 guests during the Rare Earth Summit in September, 2022

Mr Geoff Atkins
(ceased 2 September 2022)

Managing Director

Mr Atkins is a Civil Engineer with over 20 years of project and corporate development experience across commercial, industrial, mining and infrastructure sectors with responsibility for driving projects from concept, through feasibility and development to operational assets.

Mr Atkins is not a director of any other ASX-listed Company.

Mr James Henderson

Non-Executive Director

Mr Henderson is currently Executive Chairman of Transocean Group Pty Ltd, a corporate advisory and private equity group focused on the emerging company market. His expertise is in the area of corporate strategy and structuring, capital raising and commercial negotiation.

Mr Henderson has led teams on a variety of transactions including mergers, acquisitions, dispositions, takeovers, and capital raisings particularly in Australia, Canada, the USA and Africa and was a founding shareholder in Cheetah Resources Pty Ltd.

Mr Henderson is also a Non-Executive Director of Compass Gold Corporation (TSX-V: CVB).

Teams from Vital Metals' Saskatoon plant and Cheetah Resources' Yellowknife office met at the Saskatoon plant during the Rare Earth Summit in September 2022. From left: Ryan Frey, Metallurgist; Laurette Lefol, Finance Manager; David Connelly, VP Strategy and Corporate Affairs; Paul Henry, Director of Cheetah Resources Corp. and Vital Metals Canada Ltd.; Sheldon Hill, Construction Engineer; ; Nicole Tews, Cheetah Office Manager; Matthew Edler, Executive VP Vital Metals; Cody Drygeese, Environmental Officer. Kneeling: Sarah Campbell, Cheetah Events Manager; Vincent Laniece, General Manager Operations (Sask); Russel Bradford, interim CEO, Vital Metals.

As the world recognises the importance of reliable supply systems, guests from multiple governments and four nations joined interim CEO Russell Bradford (centre, with tie) in symbolically linking together two chains to show their role in the world's first rare earth supply chain of friends and allies.

From left: Aaron Carroll, First Secretary, Australian High Commission in Canada; Kimberly Lavoie, Director General, Natural Resources Canada; Dr. Abdul Jalil, Assistant Deputy Minister, Prairies Canada; Mayor Charlie Clark, City of Saskatoon; Hon. Caroline Wawzonek, NWT Minister of Industry, Trade and Investment; Chief Ed Sangris, Yellowknives Dene First Nation; Ron Hyggen, Treaty 6 representative; Russell Bradford, Interim CEO, Vital Metals Ltd.; Hon. Jeremy Harrison, Saskatchewan Minister of Trade and Export Development; Milton Tootoosis, Metis representative; Heather Quale, Honourary Norwegian Consul; Yvonne Denz, Canadian German Chamber of Industry and Commerce; Andrew McIntyre, US Dept of State Consulate General – Calgary.


CHEETAH
RESOURCES

Mr Richard Crookes
(appointed 10 August 2022)

Non-Executive Director

Mr Crookes is currently the Managing Partner of Lionhead Resources (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.

Mr Crookes is a former Chief Geologist and Mining Manager or Ernest Henry Mining (ASX: EVN) and an Executive Director of Macquarie's Metals & Energy Capital division.

Mr Crookes is the Chairman of Black Rock Mining (ASX: BKT) and a Non-Executive Director of Lithium Power International (ASX: LPI).

Mr Crookes holds a Bachelor of Science in Geology and a Graduate Diploma in Applied Finance, 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 the Australian Institute of Company Directors (AICD).

Mr Paul Quirk
(appointed 10 August 2022)

Non-Executive Director

Mr Quirk is currently a partner at Lionhead Resources (LHR) and is responsible for originating new investments opportunities and building and maintaining investor relations.

Prior to LHR, Mr Quirk co-founded Lionhead Capital Partners, a multi-strategy principal investment firm focused on mining, real estate and private equity investing. Mr Quirk was one of the founding partners of Cora Gold, a gold exploration and development company operating in Mali.

Mr Quirk holds a Bachelor of Commerce in Accounting and Finance from the Northeastern University.

Company Secretary

Ms Louisa Martino
Company Secretary

Ms Martino has a Bachelor of Commerce from the University of Western Australia, is a member of the Institute of Chartered Accountants Australia & New Zealand (ICAA), a member of the Financial Services Institute of Australasia (FINSIA) and a fellow of the Governance Institute of Australia (FGIA). She provides a number of listed companies with company secretarial services and has worked within corporate finance, assisting with company compliance and capital raisings. Ms Martino holds the position of Company Secretary for listed companies, PYX Resources Ltd (NSX: PYX), Cokal Ltd (ASX: CKA), EV Resources Ltd (ASX: EVR), and Oklo Resources Ltd (ASX: OKU).

Principal Activities

The principal activities of the Group during the year were mineral exploration and development in Burkina Faso, Tanzania, Germany and Canada.

Cheetah Geologist Sarah Bodeving in front of the TOMRA ore sorter that significantly reduces the environmental footprint of mining.

Corporate

Increased US investor focus

Vital entered into an agreement for the provision of capital markets consulting and advisory services with Ecoban Securities Corporation ("Tectonic"). Tectonic will serve as the Company's North American investor relations and capital markets consultant and advisor, having played a key role in Vital's $43M capital raising in March 2021.

Vital secures C$5 million funding facility

Vital's wholly owned subsidiary, Vital Metals Canada Ltd ("VMCL"), signed a funding agreement with PrairiesCan (formerly Western Economic Diversification Canada) for C$5 million, provided under Canada's Jobs and Growth Fund.

The C$5m funding will assist with Vital's working capital during ramp-up of the Company's operations, including establishing the Saskatoon Rare Earth Extraction facility in Saskatchewan, for processing bastnaesite concentrate to produce a mixed rare earth carbonate. Activities associated with the new plant, for which funding is available, include engineering and design, equipment purchase and installation, commissioning, and optimization to finalise establishment of the new processing facilities.

The funding relates to reimbursement of 32% of eligible expenditure incurred by VMCL from 19 April 2021 to March 31 2023 in respect of the Saskatoon Plant, with a maximum reimbursement of $3m for expenditure incurred to 31 March 2022 and C$2m for expenditure incurred to 31 March 2023.

Terms of the PrairiesCan Repayable Contribution are as follows:

- Amount of the repayable contribution: C$5 million;
- Term of the repayable contribution: monthly payments over 5 years commencing 1 April 2024;
- Interest rate: 0%;
- Funds are repayable at any time without penalty, there is no security associated with the repayable contribution;
- Termination occurs upon full repayment of the contribution and receipt of final report by the government.

Vital joins OTCQB

Vital's shares commenced trading on the OTCQB Venture Market (OTCQB), a US trading platform operated by the OTC Markets Group in New York, on 11 March 2022 following the Company's successful application.

OTC is the largest Alternative Trading System in the US, with more than 11,000 securities quoted on that market. Cross-trading to the OTCQB offers the Company the opportunity to build visibility, expand liquidity and diversify its shareholder base in North America on an established public market.

The Company's primary listing remains on the Australian Securities Exchange (ASX). Streamlined market standards enable the Company to utilise its ASX reporting, with no additional compliance requirements, and make its information available in the US. The Company confirms that admission to the OTCQB is non-dilutive because no additional capital is required to be raised and no new Shares will be issued in conjunction with inclusion on the OTCQB.

The Company also applied to the Depository Trust Company ("DTC") for eligibility which would greatly simplify the process for North American investors trading the Company's Shares. DTC is a subsidiary of The Depository Trust & Clearing Corporation, part of the US Federal Reserve System that manages the electronic clearing and settlement of publicly traded companies. DTC eligibility is expected to simplify the process of trading and enhance liquidity of the Company's shares on the OTCQB by greatly broadening the pool of brokerage firms that will allow their clients to trade the stock.

Amended terms for Kipawa/Zeus acquisition

In February 2022, Vital advised it had amended the terms of its planned acquisition of Quebec Precious Metals Corporation's ("QPM's") 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project (the "Projects").

The terms of the acquisition were amended to extend the due diligence period to 30 September 2022. This extension will enable Vital to undertake more extensive engagement with local communities to help inform the details of its plan for development of the Project.

COVID-19

As with other companies, COVID-19 has caused some disruption to the Company's activities, however development activities continued with the Company remaining focused on bringing the Nechalacho Rare Earth Project into operation in the shortest possible timeframe. The Company has a focus on the welfare of its employees and continues to take measures to ensure their well-being including, health screening and temperature monitoring, change in rosters, spatial distancing protocols as well as, a change in flow of staff to and from local communities.

As at 30 June 2022, the Company, its staff and contractors based in Canada have been minimally impacted by the COVID-19 pandemic and continue to operate as planned, with the exception of the Saskatoon plant. The Saskatoon plant has been impacted by increases in logistics costs, steel and a shortage of labour caused by the COVID-19 pandemic.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

Financial Position

As of 30 June 2022, the Company held approximately $5.16m in cash.

The Group's net assets at 30 June 2022 were $60,664,058 (30 June 2021: $62,984,038).

The Directors consider that the Group is in a strong and stable financial position to continue and grow its existing activities.

Financial Results

The Group recorded an operating loss for the year of $4,770,105 (2021: loss of $4,745,906). The 2022 result is consistent with the nature and operations of the Group.

Significant Changes in State of Affairs

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year.

Photo Below: This fist-size sample of bastnaesite rare earth ore is hosted in white quartz country rock at the Nechalacho Mine's North T zone. It contains some of the world's highest grades of rare earth elements.

Events Subsequent to Reporting Date

Board and Management Changes

Following Lionhead Resources Fund's (LHR) A$30 million investment in Vital as part of its A$45 million placement, Richard Crookes and Paul Quirk joined the Vital Board as Non-Executive Directors, as nominees of LHR.

Mr Crookes is managing partner of Lionhead Resources (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.

Mr Quirk is a partner at Lionhead Resources 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.

In addition to Mr Crookes and Mr Quirk joining Vital's Board, LHR's Russell Bradford joined Vital's new Technical Advisory Committee. Mr Bradford is a partner at Lionhead Resources and a metallurgist with more than 35 years of project management and operational experience in the mining sector.

On 31 August 2022, the Company announced that it had terminated the consultancy agreement between Atkins Projects and Infrastructure Pty Ltd and the Company and that Geoff Atkins will cease as Managing Director Vital Metals, effective immediately.

Russell Bradford was appointed interim CEO.

Photo Below: Community tours bring leaders and elders into Nechalacho to see the operation and become familiar with how it operates. Here, Tlicho First Nations pause for a photo near a tri-lingual sign.

Capital Raising

On 1 August 2022, Vital announced it had 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.

The Company 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.

Settlement of Tranche 1 occurred on 10 August 2022 and settlement of Tranche 2 is anticipated five business days after a General Meeting to be held in October 2022.

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 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 agreed to establish a TAC, which shall comprise no more than six members, with 33% or two persons (whichever is the lower) appointed by LHR and 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.

Project Geologist Chris Pedersen is a veteran explorer of the Nechalacho deposit, with experience going back into the 1970s.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Likely Developments And Expected Results Of Operations

The Group entered into mining activities from July 2021 in the North T zone and intends to continue its exploration and development activities in Tardiff Zones 2 and 3 in Canada and other projects, whilst assessing opportunities to acquire further suitable projects for exploration as they arise.

Environmental Regulation

The Group is subject to significant environmental regulation in respect to its exploration and development activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

Insurance of Directors and Officers

The Company has entered into an agreement to indemnify all directors and officers against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the officer or director.

During the period the Company has paid an insurance premium in respect of a Directors' and Officers' Liability Insurance Contract. The insurance premium relates to liabilities that may arise from an Officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are the Directors, Company Secretary and Officers of the Company. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Legal Proceedings

The Company was not a party to any legal proceedings during the year.

Proceedings on Behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-Audit Services

During the year, BDO provided consulting services in relation to Benchmark and Executive Remuneration.

The Group has not provided any indemnity to the Auditors.

Directors' Interests In Securities Of The Group

As at the date of this report, the interests of the Directors in the shares, options and other performance securities of Vital Metals Limited were:

Director	Ordinary Shares	Options
Evan Cranston	16,528,998	180,000,000
Geoff Atkins*	92,149,547	90,000,000
James Henderson	208,296,342	60,000,000
Richard Crookes	Nil	Nil
Paul Quirk	Nil	Nil

* As at date of ceasing to be a Director

Shares Under Option

At the date of this report, the Group had on issue 5,223,770,521 ordinary shares and 435,500,000 options over ordinary shares.

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price	Number Under Option
22 October 2019	22 October 2024	$0.02	110,000,000
22 October 2019	22 October 2024	$0.025	110,000,000
22 October 2019	22 October 2024	$0.03	110,000,000
22 December 2021	22 December 2024	$0.07	20,000,000
24 December 2020	31 January 2025	$0.02	6,000,000
24 December 2020	31 January 2025	$0.025	6,000,000
24 December 2020	31 January 2025	$0.03	6,000,000
31 January 2020	31 January 2025	$0.02	22,500,000
31 January 2020	31 January 2025	$0.025	22,500,000
31 January 2020	31 January 2025	$0.03	22,500,000
		Total	**435,500,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Directors' Meetings

The table below sets out the number of Directors' meetings held during the period and the number of meetings attended by each as a Director. The Directors have determined that the Company is not a sufficient size to merit the establishment of Board Committees and therefore, duties ordinarily assigned to Committees are carried out by the full Board.

Director	Number of Meetings held while in office	Meetings attended
Evan Cranston	9	9
Geoff Atkins	9	9
James Henderson	9	9

Corporate Governance Statement

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: **https://www.vitalmetals.com.au/corporate/corporate-governance/**

Nechalacho's North T mine is one of the world's richest sources of rare earth ore.

Audited Remuneration Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The Directors and Key Management Personnel for the year ended 30 June 2022 were:

Name	Position for the year ended 30 June 2022
Evan Cranston	Non-Executive Chairman
Geoff Atkins	Managing Director
James Henderson	Non-Executive Director
Anthony Hadley	Chief Operating Officer

Remuneration Policy

Remuneration of Directors and Executives is referred to as compensation throughout this report. Key Management Personnel including Directors of the Company and other executives have authority and responsibility for planning, directing and controlling the activities of the Group. Compensation levels for Directors and Key Management Personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board is responsible for compensation policies and practices. The Board, where appropriate, seeks independent advice on remuneration policies and practices, including the compensation packages and terms of employment. No such advice was sought in the current year.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account a number of factors, including length of service and the particular experience of the individual concerned.

Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as, employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board where applicable.

Share–based compensation

Share options are granted to key employees as the Directors believe that this is the most appropriate method of aligning performance to the interests of shareholders. The Directors feel that it appropriately links the long-term incentives of key employees to the interest of shareholders. The ability to exercise the options is conditional on continued service for a period as determined by the Board upon each issuance of options. The Group does not have a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Employment Contracts of Directors and Executives

As at 30 June 2022, all Directors and all executives, have formal contracts with the Company.

The terms during the past year and as at the date of this report are set out as follows:

Name	Position	Annual Remuneration FY 2022 $
Evan Cranston	Non-Executive Chairman	60,000
Geoff Atkins (ceased 2 September 2022)	Managing Director	270,000
James Henderson	Non-Executive Director	40,000
Anthony Hadley	Chief Operating Officer	523,803[1]

1 Includes expense for options issued under Employee Incentive Plan

Geoff Atkins (ceased 2 September 2022)

The Managing Director, Geoff Atkins is under a consulting agreement that commenced on 1 October 2019. The terms of the contract include:

- Annual consulting fee of $270,000; and
- An incentive component comprising 90,000,000 options in 3 equal tranches to purchase fully paid ordinary shares in the Company with the following key terms:
  - Options were approved by shareholders at General Meeting held 16 October 2019;
  - Exercise Prices Tranche 1-$0.02, Tranche 2-$0.025, Tranche 3-$0.03
  - Expiry date of 5 years from date of issue

The duration of the consultancy agreement is for a minimum of 3 years. Mr Atkins may resign from his position and thus terminate the consultancy by giving 3 months' written notice. The Company may terminate the consultancy agreement by providing 3 months' written notice or providing payment in lieu of the notice period (based on the consulting fee).

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration (consultancy fee) and only up to the date of termination.

Anthony Hadley

The Chief Operating Officer, Tony Hadley is an employee of the Company under an executive agreement signed on 7 February 2020. Under the terms of the contract:

- A salary package of $280,000 per annum plus statutory superannuation; and
- An incentive component comprising 3 tranches of 6,000,000 options each to purchase fully paid ordinary shares in the company with the following key terms:
  - Exercise Price of Tranche 1-$0.02, Tranche 2-$0.025, Tranche 3-$0.03
  - Expiry date of 31 January 2025
  - Options to vest as follows:
    - Tranche 1 -6,000,000 options vest 1 year from date of issue
    - Tranche 2 -6,000,000 options vest 2 years from date of issue
    - Tranche 3 -6,000,000 options vest 3 years from date of issue.

The duration of the consultancy agreement will continue until the agreement is validly terminated in accordance with its terms. Mr Hadley may resign from his position and thus terminate the agreement by giving 3 months' written notice.

The Company may terminate the agreement by providing 3 months' written notice or providing payment in lieu of the notice period (based on the fixed component of Mr Hadley's remuneration including any accrued statutory leave liabilities).

Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $400,000 per annum.

The remuneration policy for Non-Executive Directors remains unchanged.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the infant stage of the Company's operations.

Historical Information

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2022 $	2021 $	2020 $	2019 $	2018 $
Net profit/(loss)	**(4,770,105)**	(4,745,906)	(4,578,593)	3,225,692	(3,253,430)
Share price at year end (cents)	**3.9**	4.8	1.0	1.2	1.0
Earnings/(loss) per share (cents)	**(0.11)**	(0.16)	(0.23)	0.18	(0.21)

Details of remuneration

The Key Management Personnel of the Group are the Directors and Chief Operating Officer. Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Remuneration of Key Management Personnel

Details of the remuneration provided to the Key Management Personnel of the Group are set out in the following table:

	Short term Salary and Fees $	Short Term Bonus[1] $	Post-employment Superannuation $	Termination $	Share-based payments Options[1] $	Total $	Performance related
Directors of Vital Metals Limited							
Evan Cranston (Non-Executive Chairman) (appointed 22 October 2019)							
2022	**60,000**	**-**	**-**	**-**	**-**	**60,000**	**-**
2021	60,000	-	-	-	-	60,000	-
Geoff Atkins (Managing Director) (appointed 22 October 2019)							
2022	**270,000**	**-**	**-**	**-**	**-**	**270,000**	**-**
2021	270,000	-	-	-	-	270,000	-
James Henderson (Non-Executive Director) (appointed 4 August 2020)							
2022	**40,000**	**-**	**-**	**-**	**-**	**40,000**	**-**
2021	36,667	-	-	-	1,737,991	1,774,658	-
Phillip Coulson (Non-Executive Director) (resigned 20 December 2020)							
2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2021	18,817	-	-	-	-	18,817	-
Zane Lewis (Executive Director) (resigned 4 August 2020)							
2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2021	6,667	-	-	-	-	6,667	-
Francis Harper (Non- Executive Director) (resigned 4 August 2020)							
2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2021	3,333	-	-	-	-	3,333	-
Other Key Management Personnel							
Anthony Hadley (COO)							
2022	**280,000**	**-**	**28,000**	**-**	**215,803**	**523,803**	**-**
2021	280,000	-	26,600	-	189,514	496,114	-
Total Key Management Personnel compensation							
2022	**650,000**	**-**	**28,000**	**-**	**215,803**	**893,803**	**-**
2021	675,484	-	26,600	-	1,927,505	2,629,589	-

(1) The fair value of the options is calculated at the date of grant using a Black Scholes option valuation model and allocated to each reporting period evenly over the period from the grant date to vesting date. The value disclosed is the fair value of the options recognised in this reporting period. The options of the Directors of Vital Metals Limited vested fully in the reporting period they were issued, those of Key Management Personnel vest over three years

There were no options or performance rights granted to Key Management Personnel as compensation during the reporting period, other than those set out below.

Options and Performance Rights granted as compensation

Options and performance rights are issued at no cost to Directors and Executives as part of their remuneration. The options and performance rights are not issued based on performance criteria, but are issued to increase goal congruence between Executives, Directors and Shareholders.

There were no performance rights or options issued to Key Management Personnel during the year.

	Grant Date	Exercise Price	Number Granted	Number Vested	Expiry Date	Volatility	Fair Value per security at grant date (cents)	Exercised Number
Options								
2021 Financial Year								
James Henderson	24/12/2020	$0.02	20,000,000	20,000,000	22/10/2024	100%	2.98	-
James Henderson	24/12/2020	$0.025	20,000,000	20,000,000	22/10/2024	100%	2.89	-
James Henderson	24/12/2020	$0.03	20,000,000	20,000,000	22/10/2024	100%	2.82	-
Anthony Hadley	24/12/2020	$0.02	6,000,000	6,000,000	31/01/2025	100%	2.97	-
Anthony Hadley	24/12/2020	$0.025	6,000,000	-	31/01/2025	100%	2.89	-
Anthony Hadley	24/12/2020	$0.03	6,000,000	-	31/01/2025	100%	2.82	-

Exercise of options and performance rights granted as compensation

During the reporting period, there were Nil shares issued on the exercise of options and performance rights previously granted as compensation, and there were no modifications to the terms of previously granted options.

Additional disclosures relating to Key Management Personnel

Shareholding

The numbers of shares in the Company held during the financial year by each Director of Vital Metals Limited and other Key Management Personnel of the Group, including their personally-related parties, are set out below.

2022	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Vital Metals Limited				
Ordinary shares				
Evan Cranston	16,528,998	–	–	16,528,998
Geoff Atkins	93,449,547	–	–	93,449,547
James Henderson	208,296,342	–	–	208,296,342
Other Key Management Personnel				
Anthony Hadley	–	–	–	–

Photo Below: Yellowknives Dene First Nations drummers commissioned the TOMRA sorter in July 2021 with drum songs and prayers.

Option and Performance Rights holding

The number of performance rights and options over ordinary shares in the Company held during the financial year by each Director of Vital Metals Limited and other Key Management Personnel of the Group, including their personally-related parties, are set out below:

2022	Balance at start of the year	Granted as compensation	Exercised	Expiry	Other changes	Balance at end of the year	Vested and exercisable
Directors of Vital Metals Limited							
Options							
Evan Cranston	180,000,000	–	–	–	–	180,000,000	180,000,000
Geoff Atkins	90,000,000	–	–	–	–	90,000,000	90,000,000
James Henderson	60,000,000	–	–	–	–	60,000,000	60,000,000
Other Key Management Personnel							
Options							
Anthony Hadley	18,000,000	–	–	–	–	18,000,000	6,000,000

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year (2021: nil).

Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel during the year other than salaries and wages, as disclosed in the remuneration report.

Engagement of remuneration consultants

During the financial year, the Company engaged BDO Reward (WA) Pty Ltd to review the Key Management Personnel remuneration for the year ended 30 June 2022 for a fee of $18,868.

Securities Trading Policy

The Company's Securities Trading Policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. The Company's Securities Trading Policy defines dealing in company securities to include:

a. Subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;

b. Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and

c. Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

The Securities Trading Policy details acceptable and unacceptable times for trading in Company Securities including, detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company Securities without providing written notification to the Chairman. The Chairman must not deal in Company Securities without the prior approval of the Chief Executive Officer. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 92.34% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of Audited Remuneration Report.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 49.

This report has been made in accordance with a resolution of the Board of Directors pursuant to s.298 (2) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Evan Cranston
Chairman

Sydney: 30 September 2022

Definition drilling on the Tardiff Zone continued day and night through the late winter.

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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF VITAL METALS LIMITED

As lead auditor of Vital Metals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vital Metals Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2022

	Note	2022 $	2021 $
Continuing Operations			
Sundry income	1.1	92,553	309,309
		92,553	309,309
Other income and expense		(2,553)	(10,752)
Exploration and evaluation expenditure		(565,990)	(134,161)
Administration expenses	1.1	(3,615,565)	(2,439,911)
Depreciation		(759,990)	(206,259)
Share based payments expense	8.1	(532,562)	(2,267,157)
Total expenses		**(5,476,660)**	**(5,058,240)**
Loss from continuing operations		**(5,384,107)**	**(4,748,931)**
Finance income		657,700	8,886
Finance costs		(43,698)	(5,861)
Net finance income/ (cost)		614,002	3,025
Loss before income tax		**(4,770,105)**	**(4,745,906)**
Income tax expense	1.2	-	-
Loss after income tax		**(4,770,105)**	**(4,745,906)**
Loss from discontinued operations net of tax		-	-
Net loss for the year		**(4,770,105)**	**(4,745,906)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		1,630,074	99,329
Other comprehensive income for the year, net of income tax		1,630,074	99,329
Total comprehensive loss for the year		**(3,140,031)**	**(4,646,577)**

	Note	2022 $	2021 $
Loss attributable to:			
Owners of the Company		(4,770,105)	(4,745,906)
		(4,770,105)	**(4,745,906)**
Total Comprehensive Loss attributable to:			
Owners of the Company		(3,140,031)	(4,646,577)
		(3,140,031)	**(4,646,577)**
Loss per share and for loss attributable to the ordinary equity holders of the company:	1.3	(0.11) cents	(0.16) cents
Diluted loss per share for loss attributable to the ordinary equity holders of the company:	1.3	(0.11) cents	(0.16) cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	2.1	5,158,350	34,906,990
Trade and other receivables	2.2	2,712,484	1,306,814
TOTAL CURRENT ASSETS		7,870,834	36,213,804
NON-CURRENT ASSETS			
Property, plant and equipment	3.1	17,894,347	3,162,089
Right of use asset	3.2	568,139	167,829
Exploration and evaluation expenditure	3.3	13,531,005	13,291,395
Mine under development	3.4	26,532,671	12,938,011
Inventory	3.5	2,621,782	-
TOTAL NON-CURRENT ASSETS		61,147,944	29,559,324
TOTAL ASSETS		69,018,778	65,773,128
CURRENT LIABILITIES			
Trade and other payables	2.3	6,402,913	2,280,163
Government loans	3.6	35,498	-
Financial liabilities		229,112	65,991
Provisions		103,709	30,063
TOTAL CURRENT LIABILITIES		6,771,232	2,376,217
NON-CURRENT LIABILITIES			
Government loans	3.6	386,399	-
Financial liabilities		316,539	98,011
Provisions		880,550	314,862
TOTAL NON-CURRENT LIABILITIES		1,583,487	412,873
TOTAL LIABILITIES		8,354,720	2,789,090
NET ASSETS		**60,664,058**	**62,984,038**
EQUITY			
Contributed equity	4.1	107,553,071	107,265,582
Reserves	4.2	9,731,099	7,568,463
Accumulated losses		(56,620,112)	(51,850,007)
TOTAL EQUITY		**60,664,058**	**62,984,038**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2022

	Contributed Equity $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021	**107,265,582**	**7,157,816**	**410,647**	**(51,850,007)**	**62,984,038**
Loss for year	-	-	-	(4,770,105)	(4,770,105)
Transferred to accumulated losses	-	-	-	-	-
Other comprehensive income	-	-	-	(4,770,105)	(4,770,105)
Exchange differences on translation of foreign operation	-	-	1,630,074	-	1,630,074
Total other comprehensive income	-	-	1,630,074	-	1,630,074
Total comprehensive profit/(loss) for the year	-	-	1,630,074	(4,770,105)	(3,140,031)
Transactions with owners in their capacity of owners					
Contributions of equity, net of transaction costs	287,489	-	-	-	287,489
Share based payments	-	532,562	-	-	532,562
Balance at 30 June 2022	**107,553,071**	**7,690,378**	**2,040,721**	**(56,620,112)**	**60,664,058**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2021

	Contributed Equity $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2020	**57,645,649**	**4,890,659**	**311,318**	**(47,104,101)**	**15,743,525**
Loss for year	-	-	-	(4,745,906)	(4,745,906)
Other comprehensive income	-	-	-	(4,745,906)	(4,745,906)
Exchange differences on translation of foreign operation	-	-	99,329	-	99,329
Total other comprehensive income	-	-	99,329	-	99,329
Total comprehensive profit/(loss) for the year	-	-	99,329	(4,745,906)	(4,646,577)
Transactions with owners in their capacity of owners					
Contributions of equity, net of transaction costs	49,619,933	-	-	-	49,619,933
Share based payments	-	2,267,157	-	-	2,267,157
Balance at 30 June 2021	**107,265,582**	**7,157,816**	**410,647**	**(51,850,007)**	**62,984,038**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOW FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation costs		(590,233)	(134,161)
Payments to suppliers and employees		(3,531,722)	(2,373,531)
Payments for inventory		(714,854)	-
Government incentive received		92,553	309,309
Interest received		12,929	8,886
Interest paid		(21,021)	(5,861)
Net cash outflow in operating activities	2.1	**(4,752,348)**	**(2,195,358)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(1,380,021)	(6,523,613)
Payments for mine under development		(13,242,077)	(5,632,054)
Payments for property, plant and equipment		(10,395,467)	(1,768,730)
Payments for Kipawa acquisition deposit		(1,107,321)	-
Payments for rent bond		(23,149)	(292,005)
Proceeds from sale of shares		-	45,249
Proceeds from disposal of non-current assets		29,867	-
Net cash outflow in investing activities		**(26,118,168)**	**(14,171,153)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		-	51,000,000
Proceeds from borrowings		1,043,991	-
Options exercised		287,500	1,605,000
Cost of share capital issued		-	(2,985,067)
Repayment of lease liability		(252,835)	(103,205)
Net cash from financing activities		**1,078,656**	**49,516,728**
Net increase/(decrease) in cash held		**(29,791,860)**	**33,150,217**
Cash at beginning of the year		34,906,990	1,756,773
Foreign exchange variances on cash		43,220	-
Cash at end of the year	2.1	**5,158,350**	**34,906,990**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

ABOUT THIS REPORT

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Vital Metals Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is also the parent entity's functional currency. Canadian entities adopt Canadian dollars as the functional currency. Vital Metals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2022. The Directors have the power to amend and reissue the financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Vital Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Vital Metals Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New accounting standards and interpretations

New, revised or amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2021.

(iv) New and amended standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The directors have not early adopted any of these new amended standards and interpretations. The directors are in the process of assessing the impact of the applications of the standard and its amendment to the extent relevant to the financial statement of the Group.

(v) Historical cost convention

These financial statements have been prepared under the historical cost convention.

Principles of consolidation
Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vital Metals Limited ("Company" or "parent entity") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Vital Metals Ltd and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of assets
Assets, except for deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities
Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:
financial assets measured at fair value through profit or loss; or equity instruments measured at fair value through other comprehensive income.
The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groups of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions') - refer to Note 8.1.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Key estimates and judgements

Impact of Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Other key estimates and judgements are discussed in the following notes:

Property, plant and equipment	(Note 3.1)
Right of use asset	(Note 3.2)
Deferred exploration and evaluation costs	(Note 3.3)
Production start date	(Note 3.4)
Impairment of assets	(Note 3.4)
Inventory	(Note 3.5)
Share based payments	(Note 8.1)

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL PERFORMANCE

1.1. INCOME AND EXPENSES

	2022 $	2021 $
The following significant Income and expense items not separately highlighted in the Statement of Profit or Loss and Other Comprehensive Income are relevant in explaining the financial performance:		
Income:		
Government incentives	92,553	309,309
Administration expenses		
Professional fees	759,089	534,579
Corporate compliance	383,068	332,529
Personnel expenses	1,400,610	1,035,935
Other administration expense	1,072,798	536,868
Total other administration expenses	3,615,565	2,439,911
Personnel expenses		
Wages and salaries	1,169,503	980,987
Annual leave	39,565	23,589
Superannuation	71,855	31,359
Recruitment costs	119,687	-
Total personnel expenses	1,400,610	1,035,935

1.2. INCOME TAX

	2022 $	2021 $
(a) The major components of income tax are: Statement of Profit or Loss and Other Comprehensive Income		
Current income tax		
Current income tax benefit	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Unused tax losses not recognised as deferred tax asset	-	-
Tax rebate from R&D activities	-	-
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-
The aggregate amount of income tax attributable to the financial period differs from the amount calculated on the operating loss. The differences are:		
Accounting loss before taxation	(4,770,105)	(4,745,906)
Prima facie tax benefit at the Australian tax rate of 30% (2021: 30%)	(1,431,032)	(1,423,772)

1.2 INCOME TAX (CONT.)

	2022 $	2021 $
Add tax effect of:		
Non-deductible items	307,015	720,395
Foreign operations not brought to account	261,933	141,546
Less effect of:		
Capital raising costs	(22,579)	(46,418)
Non-assessable government payments	-	(17,576)
Tax losses not brought to account	884,662	625,825
Income tax expense	-	-

	2022	2021
(b) Deferred income tax:		
Statement of Financial Position		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Property, plant and equipment – depreciation	-	-
Accrued income	-	-
Exploration expenses	-	-
Right of use asset	-	3,937
Set-off against tax assets	-	(3,937)
	-	-
Deferred tax assets		
Tax value of losses carried forward	12,423,648	10,737,632
Set-off of deferred tax liability	-	(3,937)
Accrued expenses	20,386	-
Asset impairments	2,404,020	2,404,020
Employee benefits	28,205	7,559
Other prepayments/capital expenditure	591	23,170
Right of use liability	-	4,193
Non-recognition of deferred tax assets	(14,876,850)	(13,172,637)
	-	-

(c) Tax losses

At 30 June 2022, the Consolidated Entity has $12,423,648 (2021: $10,737,632) of taxable losses that are available for offset against future taxable profits of the consolidated entity, subject to the loss recoupment requirements in the Income Tax Assessment Act 1997.

No deferred tax asset has been recognised in the Statement of Financial Position in respect of the amount of these losses, as it is not presently probable future taxable profits will be available against which the Company can utilise the benefit.

	2022 $	2021 $
Unrecognised deferred tax assets		
Tax losses – revenue (at 30%)	12,423,648	10,737,632

1.2 INCOME TAX (CONT.)

(d) Tax consolidation legislation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 3 October 2005 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Vital Metals Limited.

The controlled entities have been fully compensated for all deferred tax assets and liabilities transferred to Vital Metals Limited on the date of forming a tax consolidated group. The entities have also entered into a tax sharing and compensation agreement where the wholly owned entities reimburse Vital Metals Limited for any current income tax payable or receivable by Vital Metals Limited in respect of their activities. The group has decided to use the "separate taxpayer within group" approach in accordance with UIG 1052 to account for the current and deferred tax amounts amongst the entities within the consolidated group

(e) Corporate Tax Rate

In 2018, the government enacted a change in the eligibility to access the lower income tax rate for small business entities. For the year ending 30 June 2022, Vital Metals Ltd does not satisfy these requirements and is therefore subject to the corporate tax rate of 30%.

Accounting policy

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.3. LOSS PER SHARE

	2022	2021
Basic loss per share – cents per share	(0.11)	(0.16)
Diluted loss per share – cents per share	(0.11)	(0.16)
The following reflects the loss and share data used in the calculations of basic loss per share and diluted loss per share:		
Net loss	(4,770,105)	(4,745,906)
Weighted average number of shares outstanding:		
Weighted average number of ordinary shares used in calculating basic loss per share:	4,164,674,865	2,891,485,852
Weighted average number of ordinary shares used in calculating diluted loss per share:	4,164,674,865	2,891,485,852

Classification of securities

Diluted loss per share is calculated after classifying all options on issue and all ownership-based remuneration scheme shares remaining uncovered at 30 June 2022 that are dilutive as potential ordinary shares. As at 30 June 2022, the company has on issue a total of 446,833,334 options over unissued capital. Diluted loss per share has been calculated excluding the dilutionary effect of the options as the group made a loss for the year and the impact would be to reduce the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2022

Since 30 June 2022, the Company has issued 10,666,667 shares on conversion of options and 1,042,620,770 shares as part of a placement, raising $41,704,831.

Accounting Policy

Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense and after preference dividends by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1.4. SEGMENT INFORMATION

The consolidated entity has four reportable segments being mineral exploration and prospecting for minerals in Australia, Canada, Burkina Faso and Tanzania.

The following is an analysis of the Group's revenue and results by reportable segment:

	Australia		Canada		Burkina Faso		Tanzania		Consolidated Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$	$	$
Segment income	-	58,587	92,553	250,722	-	-	-	-	**92,553**	**309,309**
Interest revenue	11,109	8,886	646,591	-	-	-	-	-	**657,700**	**8,886**
Total revenue	11,109	67,473	739,144	250,722	-	-	-	-	**750,253**	**318,195**
Segment loss	(3,322,124)	(3,819,194)	(1,048,870)	(792,551)	-	-	(399,112)	(134,161)	**(4,770,105)**	**(4,745,906)**
Net loss before tax	(3,322,124)	(3,819,194)	(1,048,870)	(792,551)	-	-	(399,112)	(134,161)	**(4,770,105)**	**(4,745,906)**
Segment assets	8,758,083	37,633,400	60,225,146	28,104,179	35,549	35,549	-	-	**69,018,778**	**65,773,128**
Segment liabilities	582,152	101,977	7,815,504	2,730,051	(42,938)	(42,938)	-	-	**8,354,719**	**2,789,090**

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

The Group has identified four reportable segments being activities undertaken in Australia, Burkina Faso, Tanzania and Canada. These segments include the activities associated with the determination and assessment of the existence of commercially economic reserves, from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on the operating profit or loss or cash flows and is measured in accordance with the Group's accounting policies.

2. WORKING CAPITAL PROVISIONS

2.1. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank	4,228,279	34,020,139
Cash held as security deposits	930,071	886,851
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**5,158,350**	**34,906,990**
Reconciliation of Loss after Income Tax to net cash flows from operating activities:		
Loss after income tax	(4,770,105)	(4,745,906)
Non-cash flows from continuing operations:		
Depreciation	759,990	206,259
Share based payments	532,562	2,267,157
Other Adjustments		
(Profit)/ Loss on sale of non-current assets	1,456	10,752
(Profit)/ Loss on sale of shares	1,097	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(30,535)	153,035
Increase / (decrease) in payables	(263,793)	(110,588)
Increase / (decrease) in inventory	(823,272)	-
Increase / (decrease) in provisions	39,565	23,933
FX Movement	(199,313)	-
Net cash (used in) operating activities	**(4,752,348)**	**(2,195,358)**

Accounting Policy
For the purpose of the statement of cash flows, cash includes cash on hand and in banks and at call deposits with banks or financial institutions.

The Group's risk exposure in relation to cash and cash equivalents is further discussed in Note 5.1.

2.2. TRADE AND OTHER RECEIVABLES

Current	2022 $	2021 $
Trade and other receivables		
Trade Debtors	18,133	21,161
Security and other deposits	357,913	201,610
Other	2,336,438	1,084,043
	2,712,484	1,306,814
Cash at bank and short-term bank deposits		
AAA rating	5,158,350	34,906,990

Carrying value is considered to approximate fair value. Refer to Note 5.1 for the Group's interest rate and liquidity risk.

2.2 TRADE AND OTHER RECEIVABLES (CONT.)

Other receivables includes a deposit of $1,107,321 (2021: Nil) on the Kipawa exploration project.

2.3. TRADE & OTHER PAYABLES

	2022 $	2021 $
Current		
Trade creditors and other payables	6,287,293	1,601,178
Accrued expenses	115,620	678,985
	6,402,913	2,280,163

Carrying value is considered to approximate fair value. Refer to Note 5.1 for the Group's interest rate and liquidity risk.

Accounting Policy
Trade creditors and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

3. INVESTED CAPITAL

3.1. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Software:		
At cost	78,482	115,182
Accumulated depreciation	(78,482)	(52,321)
	-	62,861
Plant and equipment:		
At cost	4,806,239	2,845,506
Accumulated Depreciation	(437,308)	(29,972)
	4,368,931	2,815,534
Motor vehicles		
At cost	572,128	76,730
Accumulated depreciation	(88,944)	(21,519)
	483,184	55,211
Fixtures and Fittings		
At cost	337,295	257,374
Accumulated depreciation	(120,066)	(28,891)
	217,229	228,483
Capital Works in Progress		
At cost	12,473,094	-
On costs	351,909	-
	12,825,003	-
Total property, plant & equipment – written down value	**17,894,347**	**3,162,089**

3.1 PROPERTY PLANT AND EQUIPMENT (CONT.)

On costs include directly attributable costs such as:

- costs of employee benefits (as defined in AASB 119 Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment;
- costs of site preparation;
- initial delivery and handling costs;
- costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment); and
- professional fees

The remaining expenditure commitment relating to the Capital Works in Progress is disclosed in Note 7.1.

Movements in carrying amounts

2022	Software $	Plant and Equipment $	Motor Vehicles $	Fixtures and Fittings $	Capital Works in Progress $	Total $
Opening net book value	62,861	2,815,534	55,211	228,483	-	3,162,089
Additions	-	1,959,124	533,743	78,512	12,825,003	15,396,382
Exchange differences	-	(12,275)	(2,515)	(2,915)	-	(17.705)
Write-offs	(36,700)	-	-	-	-	(36,700)
Disposals	-	-	(28,517)	-	-	(28,517)
Depreciation Expense	(26,161)	(393,453)	(74,737)	(86,851)	-	(581,202)
Balance at 30 June 2022	**-**	**4,368,931**	**483,184**	**217,229**	**12,825,003**	**17,894,347**

2021	$	$	$	$	$	$
Opening net book value	57,553	27,682	35,086	-	1,407,448	1,527,769
Additions	36,700	1,405,562	39,641	257,374	-	1,739,277
Transfers	-	1,407,448	-	-	(1,407,448)	-
Depreciation Expense	(31,392)	(25,158)	(19,516)	(28,891)	-	(104,957)
Balance at 30 June 2021	**62,861**	**2,815,534**	**55,211**	**228,483**	**-**	**3,162,089**

Key estimates and judgements (PPE)
The estimations of useful lives, residual values and depreciation methods require management judgements and are regularly reviewed. If they need to be modified, the depreciation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

3.1 PROPERTY PLANT AND EQUIPMENT (CONT.)

The calculation of the depreciate rate could be impacted to the extent that actual productions in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- the effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- unforeseen operational issues

Changes in estimates are accounted for prospectively, if appropriate.

Capital Works in Progress represents capital items (ultimately plant and equipment and directly attributable costs) that have been ordered and partly paid for at the Reporting Date, but where the asset has not been received and/ or is still being constructed at the Reporting Date. Management do not deem the Saskatoon plant as ready for intended use therefore, depreciation has not commenced.

Accounting Policy
Each class of property, including software, plant and equipment and motor vehicles is carried at cost less, where applicable, any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital Works in Progress are measured at cost until the capital works are completed and underlying equipment is delivered and installed for use. At the Reporting Date, management will consider if there is any circumstance that has arisen that would require any adjustment to the carrying value of the capital works in progress.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Depreciation
Depreciation is provided on a diminishing value basis on all property, plant and equipment. This is done over the useful lives of the asset to the Company commencing from the time the asset is held ready for use.

The depreciation periods used for each class of depreciable assets are:

Class of fixed asset	**Depreciation period**
Software	2-3 years
Plant and equipment	2-10 years
Motor vehicles	3 years
Fixtures and fittings	2-40 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/ amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

3.2. RIGHT OF USE ASSET

Accounting Policy

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) on to the balance sheet. As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

An assessment is made at inception to determine whether the contract is a lease. A contract is a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the leases payments as an operating expense on a straight-line basis over the shorter of the term of the lease and the estimated useful lives of the assets, as follows:

Right of use asset	**Depreciation period**
Land and buildings	3-10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Right of use assets are measured at cost, less any accumulated depreciation, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Movements in carrying amounts	**Land and buildings**	**Total**
2022	**$**	**$**
Opening net book value	167,829	167,829
Additions	579,098	579,098
Depreciation Expense	(178,788)	(178,788)
Balance at 30 June 2022	**568,139**	**568,139**
2021	**$**	**$**
Opening net book value	91,928	91,928
Additions	178,994	178,994
Depreciation Expense	(103,093)	(103,093)
Balance at 30 June 2021	**167,829**	**167,829**

Lease assets – amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2022	**2021**
	$	**$**
Depreciation charge		
Land and buildings – right of use assets	178,788	103,166
Property, plant and equipment	581,202	103,093
Total depreciation	**759,990**	**206,259**

Interest expense (included in finance expenses) in relation to leased assets for the year ended 30 June 2022 was $20,787.

3.3. EXPLORATION AND EVALUATION

	2022 $	2021 $
Costs carried forward in respect of areas of interest in the exploration and evaluation phases:		
Opening net book amount	13,291,395	12,467,416
Exploration expenditure	1,836,652	6,875,674
Exploration expenditure – written off	(254,408)	(134,161)
Transferred to mine under development	(1,342,635)	(5,917,534)
Closing net book amount	13,531,004	13,291,395
The closing balances relate to the following areas of interest:		
Nechalacho Project, Canada	13,531,004	13,291,395
	13,531,004	13,291,395

Accounting Policy

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

- The rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred, and
- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, or
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs include the acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling, trenching and sampling; and associated activities relating to the evaluation of the technical feasibility and commercial viability of extracting the mineral resource. General and administrative costs are included in the measurement of exploration and evaluation costs where they are directly related to operational activities in a particular area of interest.

Significant judgements and estimates

The above accounting policy requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs. Exploration and evaluation assets are assessed and reviewed at each reporting date for impairment, where facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount and an impairment loss recognised.

3.3 EXPLORATION AND EVALUATION (CONT.)

At each reporting date the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. As a result of this review, exploration expenditure of $565,990 (2021: $134,161) on the Wigu Hill and Kipawa Projects was written off and recognised in the Statement of Profit or Loss as both projects currently do not possess the rights to tenure. A further $84,051 in wages for Wigu Hill was expensed directly to the Statement of Profit or Loss, under personnel expenses.

3.4. MINE UNDER DEVELOPMENT

Mine under Development	**2022 $**	**2021 $**
Balance at the start of the year	12,938,011	-
Transferred from deferred exploration and evaluation costs	1,342,635	5,917,534
Additions	11,371,476	7,020,477
Rehabilitation provision	880,549	-
Balance at the end of the year	**26,532,671**	12,938,011

Accounting Policy

Mine under development includes aggregate expenditure in relation to mine construction, mine development, exploration and evaluation expenditure where a development decision has been made and acquired mineral interests.

Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to gain access to the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Mines under development are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised exploration and evaluation expenditure in respect of the area of interest, direct costs of development, an appropriate allocation of overheads and where applicable borrowing costs capitalised during development. Once mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production or an appropriate class of property, plant and equipment.

The Group undertakes regular impairment reviews incorporating an assessment of recoverability of cash generating assets. Cash generating assets relate to specific areas of interest in the Group's mine property assets. The recoverable value of specific areas of interest are assessed by value in use calculations determined with reference to the projected net cash flows estimated under the Life of Mine Plan. As at 30 June 2022, the Group determined that there were no impairment indicators.

3.4 MINE UNDER DEVELOPMENT (CONT.)

Significant judgements and estimates

Production start date

The Group assesses the stage of each mine under development to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under development' to 'Mines in production'. Some of the criteria used to identify the production start date include, but are not limited to:

1. Level of capital expenditure incurred compared with the original development cost estimate;
2. Completion of a reasonable period of testing of the mine plant and equipment;
3. Ability to produce metal in saleable form (within specifications);
4. Ability to sustain ongoing production of metal; and
5. Positive cash flow position from operations.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs and pre-production revenues cease and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements or mineable reserve development. It is also at this point that amortisation commences. At 30 June 2022, the North T Zone is not considered to be at this stage and therefore, remains as a development asset with no amortisation charge.

Recoverability of mine under development

The Group undertakes an impairment review to determine whether any indicators of impairment are present. Where indicators of impairment exist, an estimate of the recoverable amount of the Cash Generating Unit (CGU) is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Prior to transition to mine development, the Group assesses for impairment to confirm recoverability of costs capitalised during the exploration and evaluation phase.

An impairment indicator assessment was undertaken for all operations at reporting date and it was concluded that no indicators were identified, which would give rise to impairment.

Assessments of the recoverable amounts require the use of estimates and assumptions such as reserves, resources, mine lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates.

3.5. INVENTORY

Non-current	2022 $	2021 $
Ore stockpile, at cost	1,798,510	-
Consumables	823,272	-
Balance at the end of the year	**2,621,782**	-

Accounting Policy
Ore stockpiles are valued at the lower of cost and net realisable value. Regular reviews are undertaken to establish whether any items are obsolete or damaged, and if so their carrying value is written down to net realisable value.

Inventory is recognised when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. Ore is recognised as inventory as soon as it is extracted and an assessment of mineral content is possible.

Consumables are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular and ongoing review is undertaken to determine the extent of any provision for obsolescence.

The Group engaged a mining contractor that has resulted in extraction of ore and improvement of access to the ore body for future periods. On the basis of mining costs incurred, the relevant portion of costs has been allocated to inventory, with the remainder capitalised as Mine under Development costs, representing the removal of overburden material. Net realisable value is the estimated selling price in the ordinary course of business less processing cost and the estimated selling cost.

If the ore stockpile is not expected to be processed in 12 months after reporting date, it is included in Non-Current Assets and the net realisable value is calculated on a discounted cash flow basis. The non-current ore stockpiles represent the stockpiles held at the Group's interest in Yellowknife and Saskatoon that are not expected to be processed in the next 12 months. The determination of the current and non-current portion of ore stockpiles includes the use of estimates and judgements about when ore stockpile draw downs for processing will occur. These estimates and judgements are based on current forecasts and ramp-up schedules.

Significant judgements and estimates
Inventories require certain estimates and assumptions most notably in regard to grades, volumes and densities. Costs are allocated based on the cost of the mining campaign and the total of ore produced over the amount of tonnes mined.

Stockpiles are measured by estimating number of tonnes added and removed from the stockpile, with surveys performed to track volumetric data.

3.6. GOVERNMENT LOANS

During the year, Vital's Canadian subsidiary, Cheetah Resources Corp. received CAD $946,184 (AUD $1,064,923) from the Canadian Northern Economic Development Agency ("CanNor"). A second payment was received in July 2022 (CAD $315,395). Terms of the loan are as follows:

– **Maturity date:** 1 January 2033
– **Interest on loan:** 0%
– **Repayment terms:** agreed repayment schedule, over 10 years
– **Loan terms:** eligible expenditure on capital assets and contract/ professional fees

3.6 GOVERNMENT LOANS (CONT.)

AASB 9 requires non-current loans that carry no interest are to be measured at fair value using prevailing interest rates for a similar instrument. As at 30 June 2022, the total fair value was $398,457. The notional interest will be unwound over the loan period.

	2022	2021
Government loans	**$**	**$**
Current	35,498	-
Non-current	386,399	-
	421,897	-

4. CAPITAL STRUCTURE AND FINANCING ACTIVITIES

4.1. CONTRIBUTED EQUITY

	2022 $	2021 $
(a) Issued and paid up capital		
Fully paid ordinary shares	107,553,071	107,265,582

	2022 Number of shares	2021 Number of shares	2022 $	2021 $
(b) Movements in shares on issue				
Beginning of the year	4,154,233,084	2,142,611,289	107,265,582	57,645,649
Issued during the year:				
Issue of shares on capital raisings	-	1,061,538,462	-	51,000,000
Issue of shares on exercise of options	16,250,000	150,083,333	287,500	1,605,000
Issue of shares in conversion of performance shares	-	800,000,000	-	-
	4,170,483,084	4,154,233,084	107,553,082	110,250,649
Transaction costs on capital raisings	-	-	(11)	(2,985,067)
End of the year	4,170,483,084	4,154,233,084	107,553,071	107,265,582

4.1 CONTRIBUTED EQUITY (CONT.)

(c) Movements in options on issue	Number of options 2022	2021
Beginning of the financial year	443,083,334	472,166,667
Issued during the year:		
– Exercisable at 3 cents and expiring 24 December 2023	-	5,000,000
– Exercisable at 2 cents and expiring 31 January 2024*	-	20,000,000
– Exercisable at 2.5 cents and expiring 31 January 2024*	-	20,000,000
– Exercisable at 3 cents and expiring 31 January 2024*	-	20,000,000
– Exercisable at 7 cents and expiring 22 December 2024	20,000,000	-
– Exercisable at 2 cents and expiring 31 January 2025*	-	6,000,000
– Exercisable at 2.5 cents and expiring 31 January 2025*	-	6,000,000
– Exercisable at 3 cents and expiring 31 January 2025*	-	6,000,000
Exercised during the year:		
– Exercised at 2 cents and expiring 30 April 2021	-	(50,000,000)
– Exercised at 2.3 cents and expiring 30 April 2021	-	(7,500,000)
– Exercised at 1 cent and expiring 17 November 2021	(6,250,000)	(18,750,000)
– Exercised at 1.5 cents and expiring 19 July 2022	(5,000,000)	(16,333,333)
– Exercised at 3 cents and expiring 24 December 2023	(5,000,000)	-
Expired/cancelled during the year:		
– Options expired 30 April 2021	-	(19,500,000)
End of the financial year	446,833,334	443,083,334

** Of the total 83,000,000 options issued during the 2021 financial year, 60,000,000 were issued to Director James Henderson and 18,000,000 were issued to Mr Anthony Hadley.*

(d) Terms and condition of contributed equity

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The Board's focus has been to raise sufficient funds through equity (via rights issues and placements) to fund exploration and evaluation activities. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Management also monitor capital through the assessment of adequate working capital. The working capital as at 30 June 2022 is shown below:

	2022 $	2021 $
Current assets	7,870,834	36,213,804
Current liabilities	(6,771,232)	(2,376,218)
Working capital	1,099,602	33,837,586

4.1 CONTRIBUTED EQUITY (CONT.)

Accounting Policy
Ordinary shares are classified as equity
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buyback, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

4.2. RESERVES

	2022	**2021**
	$	**$**
Share based payment reserve		
Opening balance	7,157,816	4,890,659
Movement for the year	532,562	2,267,157
Closing balance	7,690,378	7,157,816
Foreign Currency Translation Reserve		
Opening balance	410,647	311,318
Movement for the year	1,630,074	99,329
Closing balance	2,040,721	410,647
Total Reserves	**9,731,099**	**7,568,463**

(i) Share based payment reserve
The share-based payments reserve is used to recognise the fair value of options issued. Refer to Note 8.1 for details.

(ii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described below. The reserve is recognised in profit or loss when the net investment is disposed of.

Accounting Policy
(i) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in profit or loss.
(ii) Foreign operations
The assets and liabilities of foreign operations are translated to the functional currency as exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

4.2 RESERVES (CONT.)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

4.3. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

5. RISK

5.1. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments other than receivables that potentially subject the Group to concentrations of credit risk consist principally of cash deposits. The Group places its cash deposits with high credit quality financial institutions, being in Australia one of the major Australian (big four) banks. Cash holdings in other countries are not significant. The Group's cash deposits are all on call or in term deposits and attract a rate of interest at normal short-term money market rates.

The Group's exposure to credit risk is low and limited to cash and cash equivalents and other receivables. All cash and cash equivalents total $5,158,350 as at 30 June 2022 (2021: $34,906,990) are held with financial institutions that have a AAA credit rating (Standard & Poor's).

The maximum exposures to credit risk are the amounts as shown in the Statement of Financial Position.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

(b) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates, foreign exchange rates, and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

The Group is exposed to fluctuations in foreign exchange rates of the Canadian Dollar in respect of its operations in Canada and CFA Franc in relation to its activities in Burkina Faso. The group maintains minimal working capital in Canada and Burkina Faso and only transfers cash funds as required, as such the Consolidated Statement of Financial Position exposure at any point in time is not significant. Foreign exchange risk will also arise from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group is also exposed to fluctuations in interest rates in relation to its cash deposits and commodity prices in relation to the carrying value of its exploration and evaluation assets. The Group monitors all of the above-mentioned risks and takes action as required.

The Group's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial asset and financial liability is set out below:

	Weighted Average Effective Interest Rate	**Variable Interest Rate**	**Fixed Interest Rate Maturing**		**Non-Interest Bearing**	**Total**
			Within 1 Year	**1-5 Years**		
2022	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**
	%	$	$	$	$	$
Financial assets:						
Cash at bank	0.25	5,158,350	-	-	-	5,158,350
Trade and other receivables	-	-	-	-	2,712,484	2,712,484
Total financial assets		**5,158,350**	**-**	**-**	**2,712,484**	**7,870,834**
Financial liabilities:						
Trade and other payables	-	-	-	-	6,402,913	6,402,913
Total financial liabilities		**-**	**-**	**-**	**6,402,913**	**6,402,913**

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

2021	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturing Within 1 Year	Fixed Interest Rate Maturing 1-5 Year	Non-Interest Bearing	Total
	2021	2021	2021	2021	2021	2021
	%	$	$	$	$	$
Financial assets:						
Cash at bank	0.25	34,906,990	-	-	-	34,906,990
Trade and other receivables	-	-	-	-	1,306,814	1,306,814
Total financial assets		**34,906,990**	**-**	**-**	**1,306,814**	**36,213,804**
Financial liabilities:						
Trade and other payables	-	-	-	-	2,280,163	2,280,163
Total financial liabilities		**-**	**-**	**-**	**2,280,163**	**2,280,163**

At 30 June 2022, if interest rates had changed by -/+ 25 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been $9,251 higher/lower (2021: -/+ 25 basis points, $78,365 higher/lower) as a result of lower/higher interest income from cash and cash equivalents.

Sensitivity Analysis

At the reporting date, the variable interest profile of the Group's interest-bearing financial instruments were:

	2022	2021
	$	$
Financial assets	3,700,269	31,346,023
0.25% (2021- 0.25%) increase	9,251	78,365
0.25% (2021- 0.25%) decrease	(9,251)	(78,365)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group has limited access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are due within 12 months of the reporting date. All other financial liabilities were fully repaid during the year.

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

The following are the contractual maturities of trade and other payables.

Group: at 30 June 2022	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
	$	$	$	$	$	$	$
Trade and other payables	5,763,290	430,262	499	208,862	-	6,402,913	6,402,913
Financial liabilities	-	229,112	-	-	-	229,112	229,112

Group: at 30 June 2021	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
	$	$	$	$	$	$	$
Trade and other payables	2,245,921	15,566	18,676	-	-	2,280,163	2,280,163
Financial liabilities	-	65,992	-	-	-	65,992	65,992

(d) Foreign Exchange Risk

A risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the consolidated entity's functional currency.

The Group operates internationally, with its major assets being held in Canada, and is exposed to foreign exchange risk arising from currency exposures to the Euro, FCFA (fixed to the Euro), Tanzanian Shilling and Canadian Dollar. Historically, given the level of expenditure and available funding, the Group considered its exposure to foreign exchange risk was manageable and hedging policies were not adopted. The Company, through the Managing Director and the Financial Officer regularly monitor movements in the foreign currencies that the Company is exposed to. If appropriate, and from time to time, the Company may enter into forward foreign exchange contract to minimise its exposure to foreign exchange risks. The Company also has foreign currency denominated accounts that are utilised to manage this risk. The Company did not enter into any new forward foreign exchange contracts during the year.

The Board considers policies relating to foreign currency exposure from time to time and, based on available funding, proposed exploration programs and foreign currency exposures, may or may not decide to enter in further forward foreign exchange contracts. The Board will continue to review its position in respect of foreign exchange risk management and will adopt suitable policies as required.

The carrying value of foreign currency denominate monetary assets and liabilities as at the reporting date are as follows:

	Assets		Liabilities	
	2022 AUD	2021 AUD	2022 AUD	2021 AUD
CAD	1,239,120	3,371,196	7,106,941	2,610,815
Euro/CFA	15,620	15,620	16,593	16,593

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to CAD, CFA and Tanzanian Shilling. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	CAD Dollars		**CFA**	
	2022 AUD	**2021 AUD**	**2022 AUD**	**2021 AUD**
Financial Assets				
+10% Appreciation	123,912	337,120	1,562	1,562
-10% Depreciation	(123,912)	(337,120)	(1,562)	(1,562)
Financial Liabilities*				
+10% Appreciation	710,694	261,081	1,659	1,659
-10% Depreciation	(710,694)	(261,081)	(1,659)	(1,659)

* Note – the majority of the balance of financial liabilities relates to capitalised exploration and development expenditure. Therefore, the variations in the balance as shown in the sensitivity analysis would not impact the profit or loss, but rather the carrying value of the capitalised exploration and development expenditure.

Forward Foreign Exchange Contracts

As at 30 June 2022 there were no outstanding forward foreign exchange contracts (2021: Nil).

(e) Fair value of financial instruments

The carrying amounts of all financial assets and liabilities approximate their respective net fair values at reporting date.

Fair value estimation

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Trade and other payables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Borrowings

Fair value, which is determined for disclosure purposes, at the time of for establishing the financial liability and based on the present value of the remaining cash flows, discounted at the assessed weighted average cost of capital.

6. GROUP STRUCTURE

6.1. SUBSIDIARIES

The consolidated financial statements include the financial statements of the ultimate parent entity Vital Metals Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Interest 2022	Equity Interest 2021
Cheetah Resources Pty Ltd	Australia	100%	100%
NWT Rare Earths Ltd	Canada	50%	50%
Cheetah Resources Corp.	Canada	100%	100%
Vital Metals Canada Limited	Canada	100%	100%
Vital Metal Burkina Sarl	Burkina Faso	100%	100%
Kisaki Mining Company Limited	United Republic of Tanzania	90%	90%

7. UNRECOGNISED ITEMS

7.1. COMMITMENTS

	2022 $	2021 $
EXPENDITURE COMMITMENTS		
(a) Capital expenditure commitments		
- Within one year	13,984,606	951,854
- Later than one year but not later than five years	-	-
(b) Mineral tenement commitments		
- Within one year	-	-
- Later than one year but not later than five years	-	-
	13,984,606	951,854

7.2. CONTINGENCIES

There are two royalties in place relating to the Nechalacho Project:

1. A 3% net smelter return royalty.
   a) the royalty holder has agreed to waive their right to the royalty for the first five (5) years following commencement of commercial production at the Nechalacho Project; and
   b) the royalty holder has also agreed to grant an option to pay C$2,000,000 at any time during the eight (8) year period following the acquisition of the Nechalacho Project to cancel the royalty.
2. The Murphy Royalty which is a 2.5% net smelter return royalty held by a third party. Vital holds an option to purchase the royalty for an inflation adjusted fixed amount estimated to currently be C$1,500,000.

The NWT Mining Regulation require that a sliding scale net profit royalty (ranging between 0% - 14%, based on mine profitability) is payable once the project is in profit and the pre-development costs are recouped.

7.2 CONTINGENCIES (CONT.)

The Group has obtained several licence permits in Canada on the commencement of operations at Nechalacho. In accordance with these permits, the Group must meet all requirements for waste management, spillage contingency, water management etc., with reclamation costs estimated at $880,549 (C$782,368). The Group holds $880,549 as a deposit in favour of the Canadian Department of Lands as a reclamation security in respect of the permits held. Should the Group not meet all permit requirements in relation to rehabilitation, these funds will be accessed directly by the Canadian Department of Lands to meet the Group’s obligations.

7.3. EVENTS OCCURING AFTER THE REPORTING PERIOD

Capital Raising
In August 2022, Vital announced it had raised $45M via a targeted placement, with private equity firm Lionhead Resources Fund LP (LHR) becoming a cornerstone investor following its A$30.0 million (before costs) 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”).

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.

Board and Management Changes
Following Lionhead Resources Fund’s (LHR) A$30 million investment in Vital as part of its A$45 million placement, Richard Crookes and Paul Quirk joined the Vital Board as Non-Executive Directors, as nominees of LHR.

Mr Crookes is managing partner of Lionhead Resources (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.

Mr Quirk is a partner at Lionhead Resources 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.

In addition to Mr Crookes and Mr Quirk joining Vital’s Board, LHR’s Russell Bradford joined Vital’s new Technical Advisory Committee. Mr Bradford is a partner at Lionhead Resources and a metallurgist with more than 35 years of project management and operational experience in the mining sector.

On 31 August 2022, the Company announced that it had terminated the consultancy agreement between Atkins Projects and Infrastructure Pty Ltd and the Company and that Geoff Atkins will cease as Managing Director Vital Metals, effective immediately.

Russell Bradford was appointed interim CEO.

COVID-19
The Company, its staff and contractors based in Canada have been minimally impacted by the COVID-19 pandemic and continue to operate its programs as planned.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

7.3 EVENTS OCCURING AFTER THE REPORTING PERIOD (CONT.)

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. OTHER INFORMATION

8.1. SHARE-BASED PAYMENTS

(a) Expenses arising from share-based payment transactions
Total expenses arising from share-based payment transactions recognised during the period were as follows:

SHARE BASED PAYMENTS	2022 $	2021 $
Options issued to directors	-	1,737,991
Options issued to Employee/Consultant	532,562	529,166
	532,562	2,267,157

8.1 SHARE-BASED PAYMENTS (CONT.)

The fair value of options issued were calculated by using a Black-Scholes pricing model applying the following inputs.

	Employee/ Consultant	Employee/ Consultant	Employee/ Consultant	Employee/ Consultant
Grant dated	21/11/2019	21/11/2019	26/11/2020	26/11/2020
Number Issued	22,500,000	22,500,000	6,000,000	6,000,000
Share price at grant date	$0.13	$0.13	$0.036	$0.036
Exercise price	$0.025	$0.030	$0.020	$0.025
Life of options (years)	5	5	4	4
Vesting life (years)[2]	2	3	1	2
Expected share price volatility	100%	100%	117.83%	117.83%
Weighted average risk free interest rate	0.84%	0.84%	0.29%	0.29%
Fair value per option	$0.0084	$0.0082	$0.0298	$0.0289

	Employee/ Consultant	Employee/ Consultant	Employee/ Consultant
Grant dated	26/11/2020	22/12/2021	22/12/2021
Number Issued	6,000,000	10,000,000[1]	10,000,000[3]
Share price at grant date	$0.036	$0.048	$0.048
Exercise price	$0.030	$0.07	$0.07
Life of options (years)	4	3	3
Vesting life (years)[2]	3	-	-
Expected share price volatility	117.83%	83.86%	83.86%
Weighted average risk free interest rate	0.29%	1.32%	1.32%
Fair value per option	$0.0282	$0.0217	$0.0217

Notes:

1. No implied service condition therefore, these options vest immediately
2. These options have a service condition and therefore, vest over the vesting life
3. These options vest upon any of the following conditions being met:
   - Vital Metals exceeds market capitalisation of A$1 billion
   - A US or appropriate other (equivalent) listing obtained, via IPO or other means such as RTO (or equivalent) or ADR listing
   - Change of Control event
   - At Vital Metals' board discretion

   Any of the conditions above must be satisfied and the options exercised within 3 years of the grant date, at which time the options will expire.

   A probability of less than 100% has been applied to achieving these milestones and therefore, nil expense has been recognised for the year ended 30 June 2022.

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The fair value and grant date of the options is based on historical exercise patterns, which may not eventuate in the future.

For service provider options the value of the service received was unable to be measured reliably and therefore the value was measured by reference to the fair value of the options issued.

8.1 SHARE-BASED PAYMENTS (CONT.)

(b) Options

Set out below are summaries of the options granted:

	Consolidated			
	2022		2021	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	443,083,334	2.40	472,166,667	1.70
Granted	20,000,000	7.00	83,000,000	2.50
Exercised	(16,250,000)	1.80	(92,583,333)	1.70
Expired	-	-	(19,500,000)	2.30
Outstanding at year-end	446,833,334	2.70	443,083,334	2.40
Exercisable at year-end	402,333,334	2.50	380,083,334	2.40
Un-exercisable at year-end	44,500,000	3.80	63,000,000	2.50

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.26 years (2021: 3.18 years), and the exercise price ranges from 1.5 to 7.0 cents.

Options exercised during the year resulted in 16,250,000 shares (2021: 92,583,333 shares) being issued at an average price of $0.018 each.

The range of exercise prices for options outstanding at the end of the year is $0.01 to $0.07 (2021: $0.01 to $0.03).

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2022 $	2021 $
Options issued to directors (vested)	-	1,737,991
Options issued to employees (vested)	315,313	425,347
Options issued to consultants	217,249	103,819
	532,562	2,267,157

(d) Performance shares

On 16 October 2019, the Company issued 800,000,000 performance shares which convert to one ordinary share upon completion of the following milestones:

- 400,000,000 Performance Shares (Tranche 1) with a fair value of $4,800,000 that will convert to one Share on the Company entering into binding offtake for a minimum of 1,000 kgs of contained REO in respect of the Nechalacho Project or Wigu Hill Project within 2 years of the Acquisition completion date; and
- 400,000,000 Performance Shares (Tranche 2) with a fair value of $4,800,000 that will each convert to one Share on the Company commencing mining operations at the Nechalacho Project or Wigu Hill Project within 3 years of the issue of the Tranche 1 performance shares. Where this Tranche 2 milestone is satisfied, the Tranche 1 milestone will automatically be deemed to have been satisfied.

8.1 SHARE-BASED PAYMENTS (CONT.)

The Company assessed the probability of conditions being met at 0% in relation to Tranche 1 and 0% in relation to Tranche 2 as at the date of acquisition. The performance shares issued as part of the acquisition will not be remeasured at each reporting period. At the commencement of commercial mining operations at Nechalacho during the 2021 financial year, the 800,000,000 Performance Shares were converted to ordinary shares on a 1:1 basis. At 30 June 2022, nil Performance Shares are on issue (2021: Nil).

Accounting Policy
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Significant judgements and estimates
The Group has an Incentive Option Scheme ("Scheme") for executives and employees of the Group. In accordance with the provisions of the Scheme, as approved by the shareholders at the November 2020 annual general meeting, executives and employees may be granted options at the discretion of the directors.

Each share option converts into one ordinary share of Vital Metals Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Options issued to directors are not issued under the Scheme but are subject to approval by shareholders.

8.2. RELATED PARTY TRANSACTIONS

(a) Parent entity
The ultimate parent entity within the Group is Vital Metals Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in note 6.1.

(c) Key Management Personnel disclosures
Directors and other Key Management Personnel
The directors of Vital Metals Limited during the financial year were:
- Evan Cranston
- Geoff Atkins
- James Henderson

8.2 RELATED PARTY TRANSACTIONS (CONT.)

Other Key Management Personnel consisted of:
- Anthony Hadley

Compensation of Key Management Personnel

	2022 $	2021 $
Short-term employee benefits	650,000	675,484
Post-employment benefits	28,000	26,600
Termination	-	-
Share-based payments	215,803	1,927,505
	893,803	2,629,589

Other disclosures regarding Key Management Personnel are made in the remuneration report on pages 35 to 46.

8.3. PARENT ENTITY FINANCIAL INFORMATION

The following information relates to the parent entity, Vital Metals Limited, as at 30 June 2022. The information presented here has been prepared using accounting policies consistent with those presented in this report.

	2022 $	2021 $
Assets		
Current assets	4,083,233	31,649,974
Non-current assets	4,851,135	3,289,290
Inter-company loan	50,351,962	24,860,212
Total assets	59,286,330	59,799,476
Liabilities		
Current liabilities	276,626	101,976
Non-current liabilities	-	-
Total liabilities	276,626	101,976
Net Assets	59,009,704	59,697,500
Equity		
Issued capital	107,553,083	107,265,583
Reserves	7,690,379	7,157,816
Accumulated losses	(56,233,758)	(54,725,899)
Total equity	59,009,704	59,697,500
Financial performance		
Profit/(loss) for the year	(3,207,859)	(3,819,194)
Other comprehensive income	-	-
Total comprehensive Profit/(loss)	(3,207,859)	(3,819,194)
Contingent liabilities and commitments	-	-

There are no parent company guarantees in place at the Reporting date.

8.4. REMUNERATION OF AUDITORS

	2022 $	2021 $
Amounts received or due and receivable by BDO		
- Audit and review of financial statements by BDO Audit (WA) Pty Ltd	117,780	77,814
- Other amounts received or due and receivable by BDO Reward (WA) Pty Ltd	18,868	19,882
Total remuneration	136,648	97,696

During the year, BDO Reward (WA) Pty Ltd were engaged to complete a remuneration review of Key Management Personnel for the year ended 30 June 2022.

8.5. OTHER ACCOUNTING POLICIES

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the consolidated financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 56 to 91 are in accordance with the Corporations Act 2001, including

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and,

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2022, comply with Section 300A of the Corporations Act 2001; and

The Notes to the Consolidated Financial Statements confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Evan Cranston
Chairman

Sydney: 30 September 2022

BDO

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INDEPENDENT AUDITOR'S REPORT

To the members of Vital Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vital Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for mine under development

Key audit matter 1	*How the matter was addressed in our audit*
At 30 June 2022 the carrying value of the mine under development asset was disclosed in Note 3.4. As the carrying value of the mine under development asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount and assess the accounting and classification of the asset. This was determined to be a key audit matter due to the significant judgement applied in determining whether impairment indicators exist in accordance with Australian Accounting Standard AASB 136 *Impairment of Assets*.	Our procedures included, but were not limited to: • Verifying, on a sample basis, mining costs capitalised during the year for compliance with the recognition and measurement criteria of AASB *116 Property, Plant and Equipment*; • Considering the status of the operation by holding discussions with management, and reviewing the ASX announcements and director's minutes to determine the appropriate classification; • Considering whether any facts or circumstances existed indicating that impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3.4 to the Financial Statements.

Carrying value of exploration and evaluation assets

Key audit matter 2	*How the matter was addressed in our audit*
At 30 June 2022 the carrying value of the capitalised exploration and evaluation assets was disclosed in Note 3.3. As the carrying value of the exploration and evaluation assets represent significant assets of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;

BDO

Key audit matter 2	***How the matter was addressed in our audit***
This was determined to be a key audit matter due to the significant judgement applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.	• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3.3 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 38 to 46 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Vital Metals, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth

30 September 2022

The Australian Securities Exchange Limited, in respect of listed public companies, requires the following information:

1. Shareholding

(a) Distribution of shareholders as at 7 September 2022 - fully paid ordinary shares

Size of Holding	Number of Shareholders	Percentage of Holders	Number of Shares	Percentage of Shares
1 - 1,000 shares	123	1.0%	20,241	0.0%
1,001 - 5,000 shares	39	0.3%	112,942	0.0%
5,001 – 10,000 shares	1,204	9.4%	10,364,595	0.2%
10,000 – 100,000 shares	7,232	56.4%	319,525,551	6.1%
100,001 shares and over	4,218	32.9%	4,893,747,192	93.7%
Total	**12,816**	**100.0%**	**5,223,770,521**	**100.0%**

(b) Marketable Parcels

The number of shareholdings less than a marketable parcel is 1,880 holders with 16,456,225 shares as at 7 September 2022. The required marketable parcel is $500 (13,158 shares).

(c) Substantial Shareholders

As at 7 September 2022, there were two substantial shareholders who had notified the Company in accordance with section 671B of the Corporations Act 2001 as having a substantial interest of 5% or more in the Company's voting securities.

Substantial Shareholder	Number of Securities	Voting Power
Lionhead Resources Fund I LP, Lionhead Resources Fund I GP Limited, Lionhead Resources Limited, Lionhead Resources Advisors Limited, LHR CICI I GP Limited, LHR CI I LP, LHR Co-Invest I LP and LHR Investments Coöperatief U.A. ("Other Lionhead Parties")	667,620,770	12.8%

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. There are no voting rights attached to any class of options, Performance Rights or Performance Shares on issue.

(e) On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

(f) Top Twenty Shareholders of Vital Metals Limited – Ordinary Shares:

	Fully Paid Ordinary Shares	Percentage of Total (%)
LIONHEAD RESOURCES I BV	667,620,770	12.78%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	409,354,636	7.84%
TRANSOCEAN PRIVATE INVESTMENTS PTY LTD <TRANSOCEAN PRIVATE INVES A/C>	208,296,342	3.99%
CITICORP NOMINEES PTY LIMITED	187,775,453	3.59%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	144,776,666	2.77%
BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	106,704,176	2.04%
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	100,000,467	1.91%
ATKINS PROJECTS AND INFRASTRUCTURE PTY LTD <G & C ATKINS FAMILY A/C>	91,849,547	1.76%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	68,208,559	1.31%
BNP PARIBAS NOMS PTY LTD <DRP>	56,325,920	1.08%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	50,731,824	0.97%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	36,755,191	0.70%
TROCA ENTERPRISES PTY LTD <COULSON SUPER A/C>	36,331,637	0.70%
SEAMIST ENTERPRISES PTY LTD	33,937,310	0.65%
MR JACK DWYER	30,649,848	0.59%
KOBIA HOLDINGS PTY LTD	29,994,000	0.57%
UBS NOMINEES PTY LTD	29,375,000	0.56%
PONDEROSA INVESTMENTS WA PTY LTD <THE PONDEROSA INVESTMENT A/C>	26,875,000	0.51%
MR PAUL ANTHONY HENRY	25,000,000	0.48%
TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	24,500,000	0.47%
Totals: Top 20 Holders of ORDINARY Shares (TOTAL)	**2,365,062,346**	**45.28%**
Total Remaining Holders Balance	**2,858,708,175**	**54.72%**
Total All shareholders	**5,223,770,521**	**100.0%**

2. UNQUOTED EQUITY SECURITIES

The unquoted equity securities outstanding are as follows:

Number	Class	Holders with more than 20% interest in that class
20,000,000	Unlisted options exercisable at 7.0 cents expiring 9 August 2024	Ecoban Securities Corporation Limited
20,000,000	Unlisted options exercisable at 2.0 cents expiring 22 October 2024	Jalonex Investments Pty Ltd (20,000,000)
20,000,000	Unlisted options exercisable at 2.5 cents expiring 22 October 2024	Jalonex Investments Pty Ltd (20,000,000)
20,000,000	Unlisted options exercisable at 3.0 cents expiring 22 October 2024	Jalonex Investments Pty Ltd (20,000,000)
90,000,000	Unlisted options exercisable at 2.0 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
90,000,000	Unlisted options exercisable at 2.5 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
90,000,000	Unlisted options exercisable at 3.0 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
28,500,000	Unlisted options exercisable at 2.0 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000) Anthony Hadley (6,000,000) David Connelly (2,500,000)
28,500,000	Unlisted options exercisable at 2.5 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000) Anthony Hadley (6,000,000) David Connelly (2,500,000)
28,500,000	Unlisted options exercisable at 3.0 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000) Anthony Hadley (6,000,000) David Connelly (2,500,000)

Distribution of holders of unquoted equity securities

	Unlisted options ($0.07 @ 9/08/2024)		Unlisted options ($0.02 @ 22/10/2024)		Unlisted options ($0.025 @ 22/10/2024)		Unlisted options ($0.03 @ 22/10/2024)		Unlisted options ($0.02 @ 22/10/2024)	
	No. of holders	**No. of securities**	**No. of holder**	**No. of securities**	**No. of holder**	**No. of securities**	**No. of holders**	**No. of securities**	**No. of holders**	**No. of securities**
1 – 1,000	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	-
100,001 and over	1	20,000,000	1	20,000,000	1	20,000,000	1	20,000,000	2	90,000,000
Total	1	20,000,000	1	20,000,000	1	20,000,000	1	20,000,000	2	90,000,000

	Unlisted options ($0.025 @ 22/10/2024)		Unlisted options ($0.03 @ 22/10/2024)		Unlisted options ($0.02 @ 31/01/2025)		Unlisted options ($0.025 @ 31/01/2025)		Unlisted options ($0.03 @ 31/01/2025)	
	No. of holders	**No. of securities**	**No. of holders**	**No. of securities**	**No. of holder**	**No. of securities**	**No. of holders**	**No. of securities**	**No. of holders**	**No. of securities**
1 – 1,000	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	-
100,001 and over	2	90,000,000	2	90,000,000	4	28,500,000	4	28,500,000	4	28,500,000
Total	2	90,000,000	2	90,000,000	4	28,500,000	4	28,500,000	4	28,500,000

3. **RESTRICTED SECURITIES:**
The Company has the following restricted securities: nil

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