

Market Update: Strategic Review of Saskatoon Plant

Vital Metals Limited (ASX: VML | OTCQB: VTMXF) (“Vital”, “Vital Metals” or “the Company”) provides the following update to stakeholders.

Saskatoon Rare Earth Processing Facility

As outlined in the Company’s 22 December 2022 ASX announcement, Vital’s increased focus on advancing the Tardiff Project accompanied a review of the Saskatoon Rare Earth Processing Facility. The Company planned to complete the initial calcine circuit and defer the calcine leaching, purification and rare earth carbonate precipitation circuits of the facility to better align its completion with the readiness of its offtake partner to receive the final mixed rare earth carbonate product produced, from mid-2024. Completion of the calcine circuit would enable the Company to investigate the sale of an intermediate product to generate revenue ahead of completing the balance of the facility. However, at the current time, the Company has been unable to secure intermediate product sales on commercially satisfactory terms.

Subsequent review of the economic viability of mining and beneficiating ore at North T has indicated that the scale of operations and associated unit operating costs will not achieve positive cashflow from the project.

As a result, the Company is pausing all construction-related activities at the Saskatoon processing facility, to allow the Company to focus on conserving cash and to seek alternative funding sources and partnering with third parties to potentially build a sustainable business model for the Saskatoon business. The Company expects the strategic review of the Saskatoon Project to be completed in three-months. The Company intends to retain its Saskatoon-based workforce, as these important stakeholders will be integral to allowing for a quick re-start of construction and commissioning activities when the foundations for a long-term, sustainable business model are put in place.

Construction of the full Saskatoon processing facility, including calcine, hydrometallurgical leaching, purification and rare earth precipitation circuits, is approximately 50% complete.

Vital’s Interim Chairman Richard Crookes said the Company has worked hard in recent months to refine the business case for the Saskatoon Project in light of the increased cost profile, lack of an immediate market for our products and lower rare earth prices, leading to a renewed focus on Tardiff. “There is no economic imperative to complete this demonstration Project at the current time; however the Saskatoon processing facility can provide valuable intermediate processing capacity for a downstream



rare earth hub in Saskatchewan. North America needs independent downstream processing to further enable the transition to the green economy and Vital is looking forward to working with like-minded parties to deliver a completed project.”

Tardiff Project Update

Vital planned to undertake a 5,500-metre drilling campaign on the Tardiff Deposit during the current winter drilling season at Nechalacho to increase the measured and indicated component of the recently released Mineral Resource Estimate (“MRE”) (see ASX announcement dated 14 February 2023).

This program concluded this week and the target was substantially exceeded with a total of 6,667 metres completed (21% above plan).

The Company expects to start receiving assays from this program in the coming months and looks forward to sharing them with stakeholders. A similar scale project is anticipated for 2024 which will continue to target infill drilling in an effort to raise the classification and confidence in the large Tardiff Deposit.

Vital’s Chief Operating Officer Eben Visser commented that it was very pleasing to see this high level of productivity. “We have made several key hires for Nechalacho this year in health and safety, geology and operations and we are already seeing the benefits of a team of dedicated, experienced professionals. This drilling will underpin the economic studies that are currently planned for the Tardiff Deposit.”

With the recently released Mineral Resource Estimate (MRE), Tardiff is estimated to contain 1.67 million tonnes of TREO within a total mineral resource of 119.0 million tonnes at 1.4% TREO. Within this total, Tardiff is estimated to include 416,000 tonnes of neodymium and praseodymium (“NdPr”), making it one of the largest single deposits in the Western World, with the potential to be one of the largest suppliers of permanent magnet motor minerals in North America.

In addition to the recently completed 2023 drilling program work, VML has continued to advance the Tardiff Project on a number of fronts, including:

- Integration of the historic Avalon Advanced Materials historic data with Vital’s 2021 and 2022 drilling data into one unified geological database;
- A verification and validation review of the historic data by a leading Canadian mining consulting group;
- Continued metallurgical testwork to support a preliminary processing flowsheet design selection.



VP, Sustainability

In support of the long-term development of the Tardiff Project, the Company recently appointed Steven Woolfenden as Vice President, Sustainability. Steven brings over 25 years of mining industry experience and a history of leading environmental, community, governance and regulatory processes. Previously, Steven held positions as Vice President of Environment and Community Affairs for McEwen Mining and IAMGOLD's corporate Environment Director where he was responsible for environmental, regulatory and community engagement teams to develop major resource projects and large-scale infrastructure works. He also has more than 10 years of experience in the public sector, with Fisheries and Oceans Canada and the Canadian Environmental Assessment Agency (CEAA).

Upcoming Catalysts

Assay results from the 2023 drilling campaign	Q3/Q4 2023
Update to Tardiff Mineral Resource Estimate	H2 2023
Further update on Saskatoon Project	Q3 2023

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

ABOUT VITAL METALS

Vital Metals Limited (ASX: VML) is developing the large Nechalacho Rare Earth Project in Canada's Northwest Territories. Nechalacho has the potential to underpin a significant rare earths supply chain for North America and Europe with responsibly sourced critical minerals for the green economy transformation.

Compliance Statement

This announcement contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from an ASX market announcement reported previously and published on the ASX platform on 14 February 2023 "Vital achieves 26% increase in Tardiff Mineral Resource tonnes and 19% increase in contained NdPr". The



Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Mineral Resource Estimate of 119.0 million tonnes at 1.4% TREO is comprised 4.6 million tonnes at 1.6% TREO Measured, 6.3 million tonnes at 1.5% TREO Indicated and 108.1 million tonnes at 1.4% TREO Inferred.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production output.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.