

Vital Metals' December 2024 Quarterly Activities Report

Highlights:

- Tardiff MRE total resource tonnage (across all categories) of 192.7 million tonnes at 1.3% total rare earth oxide (TREO), containing 2.5Mt TREO.
- Tardiff is estimated to contain 636,000 tonnes of NdPr (neodymium oxide + praseodymium oxide) and 578,100 tonnes of Niobium (Niobium Pentoxide).
- Niobium will be the focus of more testwork for improving recoveries.
- Incorporating all latest drill data in the updated MRE, compared to the April 2024 MRE, it delivers:
 - 70% increase in reported tonnes in the Indicated Resource category;
 - 56% increase in reported tonnes in Measured + Indicated Resources categories;
 - 2% increase in contained NdPr;
 - Niobium (Nb_2O_5), hosted within the same geological formations which host Tardiff's rare earth mineralisation, reported for the first time.
- Updated MRE is reported above a 0.7% TREO cutoff grade instead of a metal equivalent value previously used.
- Vital will use the updated Tardiff MRE as the basis for a Scoping Study to examine the size and scalability of future Rare Earth Element (REE) production scenarios. This is expected in the coming weeks.
- Vital stakes more than 25km² (2,500ha) of ground immediately north of Nechalacho, expanding its footprint at Nechalacho to more than 75km² (7,500ha).

Vital Metals Limited (ASX: **VML**) ("**Vital**", "**Vital Metals**" or "**the Company**"), an advanced stage exploration/development rare earths company, is pleased to report on its activities for the December 2024 quarter, including at its 100%-owned Nechalacho Rare Earth Project in Yellowknife, Northwest Territories, Canada.

56% Increase in Measured + Indicated Resources in Tardiff Mineral Resource Estimate

In January 2025, Vital reported an updated Mineral Resource estimate ("MRE") for the Tardiff Upper Zone ("Tardiff"), part of its Nechalacho Rare Earths Project. The updated MRE follows Vital's completion of resource definition drilling program at Tardiff in 2023, totalling 74 holes for 6,664m, which returned high-grade results up to 8% TREO.



Tardiff contains REE and niobium mineralisation hosted within a nepheline syenite intrusion. Recent metallurgical test work indicates strong potential to produce neodymium oxide (Nd_2O_3) and praseodymium oxide (Pr_6O_{11}), which are light rare earth oxides (LREO) with magnetic properties and are in demand due to their use in technologies such as high-strength magnets, aircraft engines, and various industrial and electronic applications. The recent metallurgical test work also indicates an opportunity to further investigate and advance the potential to recover niobium minerals from Tardiff ore. Niobium is in demand due to its low oxidation point and relatively high melting point. It is used as an alloy in aeronautic engines, electronic applications (due to its superconducting properties) and as an additive to lithium-ion batteries to enhance battery life.

The current MRE represents a significant increase in reported tonnes in the Indicated Mineral Resource category in comparison to the historical MRE completed in April 2024 and a decrease in reported tonnes in the Inferred Mineral Resource category. The MRE is also reported above a 0.7% TREO cutoff grade instead of a metal equivalent value as previously used.

The MRE is presented in Table 1 and is reported above a cutoff grade of 0.7% TREO. The Mineral Resource estimate includes reporting of Nd_2O_3 and Pr_6O_{11} , and NdPr (Nd_2O_3 plus Pr_6O_{11}).

Table 1. Tardiff Mineral Resource Estimate, TREO \geq 0.7%

JORC Resource Classification	Tonnage	Average Grade (%)				Contained Oxide	
		TREO	Nd_2O_3	Pr_6O_{11}	Nb_2O_5	TREO Kt	NdPr Kt
	Mt						
Measured	7.6	1.48	0.28	0.08	0.24	112	27
Indicated	41.0	1.29	0.25	0.07	0.25	528	131
Measured + Indicated	48.6	1.32	0.26	0.07	0.25	640	158
Inferred	144.1	1.31	0.26	0.07	0.32	1,883	477
Total	192.7	1.31	0.26	0.07	0.30	2,523	636

Notes:

1. Due to effects of rounding, the total may not represent the sum of all components.
2. TREO (ppm) includes: Light Rare Earth Oxides (LREO): La_2O_3 , CeO_2 , Pr_6O_{11} , Nd_2O_3 , Sm_2O_3 ; and Heavy Rare Earth Oxides (HREO): Tb_4O_7 , Dy_2O_3 , Ho_2O_3 , Er_2O_3 , Tm_2O_3 , Yb_2O_3 , Lu_2O_3 , Eu_2O_3 , Gd_2O_3 ; + Y_2O_3
3. Mineral Resource is reported from blocks at or above the 150 m RL and within unconstrained optimised open pit shell "Optimized_Pits_2_Pit_85_100tr/pt"
4. Revenue in cutoff grade calculation is attributable to Nd_2O_3 and Pr_6O_{11}
5. $\text{NdPr} = \text{Nd}_2\text{O}_3 + \text{Pr}_6\text{O}_{11}$
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
7. The Mineral Resource effective date is 18th December 2024.

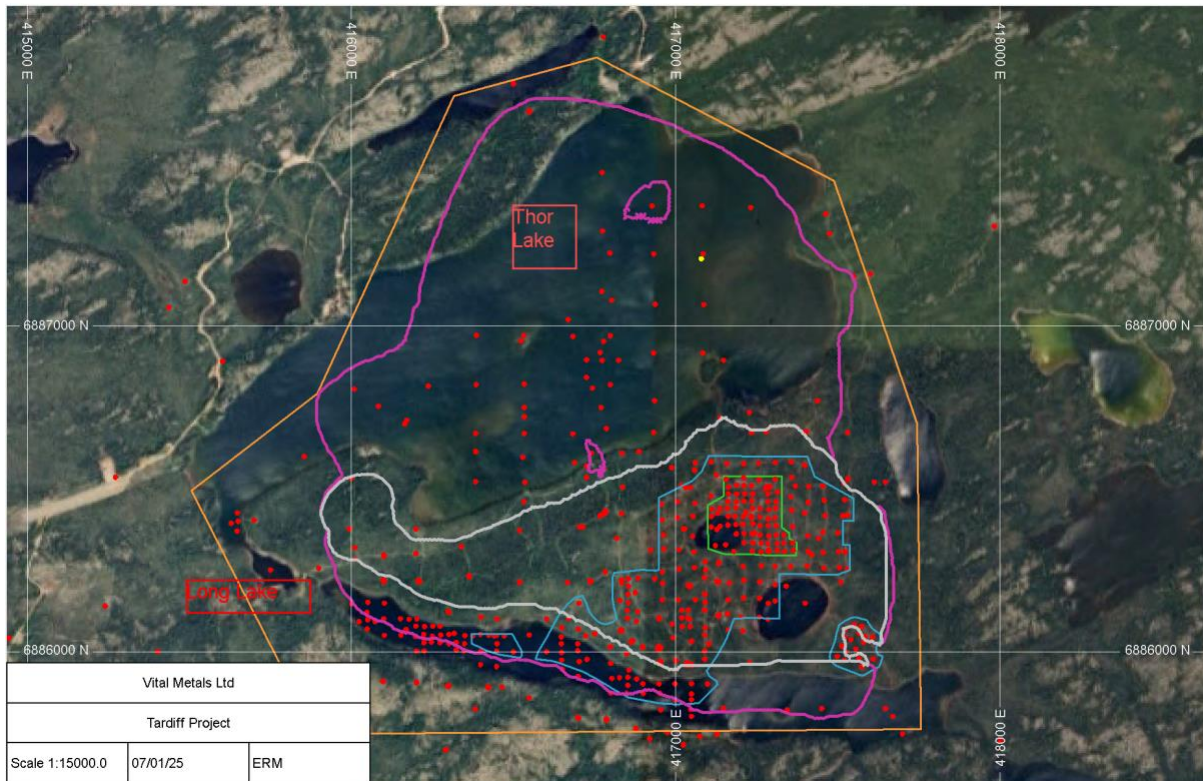


Figure 1: Drill hole collar plot – Tardiff drilling 2023

Notes for Figure 1: Drill hole collars (red), Mineral Resource (constrained) optimized pit shell outline (grey), unconstrained optimal pit shell (magenta) as used for reporting of Mineral Resource, Measured resource classification polygon (green), Indicated polygon (cyan), Inferred polygon (orange). Satellite image of project presented as an underlay, showing Thor and Long Lakes, and two small lakes within the Measured and Indicated footprint.

More detail can be found in Vital’s ASX Announcement dated 20 January 2025.

Expanded ground at Nechalacho

During the quarter, Vital announced it had staked more than 25km² (2,500ha) of ground immediately north of Nechalacho.

Three new mineral claims, M11875 to M11877, measure 11.50km² (1,150ha), 7.61km² (761ha) and 5.95km² (595ha), and are 100% owned by Vital’s Canadian subsidiary, Nechalacho Resources Corp (formerly named Cheetah Resources Corp). This is in addition to the 50km² (5,000ha) existing mineral claims at Nechalacho, over which Vital holds mineral rights to resources only above a depth of 150 metres above sea level.

The new ground expands Vital’s footprint at Nechalacho to more than 75km² (7,500ha).

Investor Relations

During the quarter, Managing Director and CEO Lisa Riley presented at the Northwest Territories Geoscience Forum in Yellowknife, held on 24-27 November.



CORPORATE

Change of Auditor

In January, Vital advised, in accordance with Listing Rule 3.16.3, that it has appointed Hall Chadwick NSW as auditor of the Company. The appointment follows the resignation of BDO Audit Pty Ltd and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

The Board's decision to change auditors was made following rotation of the audit partner and the tendering of audit services. In accordance with s327C of the Act, a resolution will be proposed at the Company's next Annual General Meeting to confirm the appointment of the Company's auditor.

The Board thanked BDO Audit Pty Ltd for its past assistance and professional service provided to the Company as auditor.

Annual General Meeting Results

At Vital's Annual General Meeting on 21 November 2024, all resolutions put to the meeting were approved by the required majority via a poll.

Resolutions were as follows:

1. Adoption of Remuneration Report
2. Election of Director – Michael Brook
3. Election of Director – Zane Lewis
4. Ratification of Prior Issue of Tranche 1 Subscription Shares to Shenghe – Listing Rule 7.1
5. Ratification of Prior Issue of Tranche 1 Subscription Shares to Shenghe – Listing Rule 7.1A
6. Approval to Issue Options to Corporate Advisor
7. Approval to Issue Tranche 2 Subscription Shares to Shenghe
8. Approval of 7.1A Mandate
9. Approval to Issue Options and Performance Rights to Related Party – Lisa Riley
10. Approval of Grant of Potential Termination Benefits to Lisa Riley
11. Approval of Auditor
12. Proportional Takeover Provisions

Cash position

As at 30 June 2024, the Company held approximately \$1.8m in cash.

During the quarter, the Company made payments of \$173,000 to related parties and their associates. These payments relate to existing remuneration agreements for the Directors. Of this amount, \$173,000 is included in operating cashflows and \$Nil is included in exploration expenditure.

During the quarter, Vital spent \$467,000 on exploration and evaluation expenditure and mine under development costs. Details of activities carried out during the quarter are set out in this report.



Tenement Schedule

Location	Project	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Canada	Nechalacho *	100%	0%	100%
Canada	M11875 to M11877	0%	100%	100%

* Vital owns 100% of the mineral rights of the Nechalacho Project above the 150m RL elevation level. The licences are held 50% by Nechalacho Resources Corp (formerly named Cheetah Resources Corp) and 50% by Avalon Advanced Materials Inc.

- ENDS -

This announcement has been approved by the Board of Vital Metals Limited.

Contact

Lisa Riley

Managing Director and CEO

Vital Metals Limited

Phone: +1 (581) 624 4833

Email: lriley@vitalmetals.com

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 with responsibly sourced critical minerals for the green economy transformation.

ASX Listing Rule Information

This announcement 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 20 January 2025. 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 192.7Mt @ 1.31% TREO comprises 144.1 Mt @ 1.31% TREO Inferred, 41.0 Mt @ 1.29% TREO Indicated and 7.6Mt @ 1.48% TREO Measured.

This announcement contains information relating to Exploration Results extracted from an ASX market announcement reported previously in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code") and published on the ASX platform on 6 February 2024. 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.



Forward Looking Statements

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

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

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

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

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

Appendix 5B

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

Name of entity

VITAL METALS LIMITED

ABN

32 112 032 596

Quarter ended ("current quarter")

31 DECEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	160	1,104
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production/inventory	(11)	(48)
(d) staff costs	(175)	(637)
(e) administration and corporate costs	(932)	(1,479)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	29
1.5 Interest and other costs of finance paid	(3)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	112
1.8 Other (Distribution from Liquidator)	387	387
1.9 Net cash from / (used in) operating activities	(558)	(543)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(467)	(976)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(467)	(976)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(34)	(69)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(122)	(166)
3.10	Net cash from / (used in) financing activities	(156)	(235)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,888	3,533
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(558)	(543)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(467)	(976)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(156)	(235)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	99	27
4.6	Cash and cash equivalents at end of period	1,806	1,806

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	930	2,052
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits supporting bank transaction facilities)	876	836
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,806	2,888

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	173
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,096	1,096
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,096	1,096
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/a		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(558)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(467)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,025)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,806
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,806
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.76
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer:</p> <p>No -during the quarter a number of activities with committed expenditures were completed. The level of committed expenditure going forward is reduced pending finalisation of the Scoping Study and any further decisions regarding follow-up activities.</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer:</p> <p>The Company is looking at several non-dilutive sources of cash including:</p> <ul style="list-style-type: none"> - Insurance proceeds from 2023 incident expected in Q1 2025 - Sale of remaining ore stockpiles on site - Debt funding <p>The Company has demonstrated a record of securing funds when required and is confident that it will be to continue to do so. The Company also retains all of its placement capacity under Listing Rules 7.1 and 7.1A.</p>	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer:</p> <p>Yes. The Company believes that it will be able to continue its current operations and business objectives for the reasons outlined in items 1 and 2 above.</p>	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

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

Date: 30 January 2025

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

Notes

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