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VITAL METALS LIMITED

ABN 32 112 032 596

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2025

DIRECTORS
Richard Crookes - Non-Executive Chairman
Lisa Riley – Managing Director from 15 July 2025, previously Non-Executive Director
David Dikken (appointed 22 September 2025)
Douglas MacLennan (appointed 22 September 2025)
Alexius Chan (appointed 22 September 2025)
Michael Brook (resigned 22 September 2025)
Zane Lewis (appointed 12 August 2024, resigned 22 September 2025)

COMPANY SECRETARY
Ms Louisa Martino

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

AUDITORS
Hall Chadwick (NSW)
Level 40
2 Park Street
Sydney NSW 2000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Level 5, 56 Pitt Street
Sydney, NSW, 2000

Telephone:	+61 2 8823 3179
Website:	www.vitalmetals.com.au
Email:	vital@vitalmetals.com.au

STOCK EXCHANGE
The Company's securities are quoted on the official list of the Australian Securities Exchange Limited (ASX code: VML)

SHARE REGISTRY
XCEND
Level 2, 477 Pitt St
Haymarket NSW 200
Phone: +61 2 8591 8509
Email: support@xcend.co
Website: www.xcend.co

Dear Fellow Shareholders,

I am pleased to present the Vital Metals' Annual Report for the year ended 30 June 2025. While the past year has presented some challenges for our company in developing the Nechalacho project in Northwest Territories (NWT), Canada, it is pleasing to see the progress we've made over the period.

While geopolitical tensions and China's dominance of the rare earths market play a complex role in global supply chains, rare earths demand continues to grow given their importance in many high-tech applications and end uses. There is growing awareness of this and understanding that ex-China supply chains are needed. We plan to position Nechalacho – home to one of the world's largest rare earth systems – to meet this increasing demand.

Under the leadership of Managing Director Lisa Riley, who was appointed in July 2025, we delivered an updated Mineral Resource Estimate (MRE) for the Tardiff deposit at Nechalacho in January 2025 which increased Measured + Indicated resources by 56%, with total resource tonnage across all categories) of 192.7Mt, grading 1.3% TREO and 0.3% niobium (Nb_2O_5), containing 2.52Mt TREO, including 636,000 tonnes of neodymium-praseodymium (NdPr) and 578,000 tonnes of Nb_2O_5. [1]

Our Tardiff MRE reported a niobium resource for the first time alongside rare earths. Niobium (Nb) is hosted in the same geological formations that host the rare earths. It is a ductile refractory metal that is highly resistant to heat and wear, and when used as a micro alloy, it can significantly increase strength of steel products while decreasing weight. This gives the metal a range of high-tech applications including in turbines, medical and glass products and electronic circuits.

Using the updated MRE as a basis, we advanced a Scoping Study for Tardiff that examined the potential size and scalability of rare earths and niobium recovery from the deposit. While the addition of niobium did delay delivery of the Study results, we believe this was worthwhile in building our understanding of how better to unlock Tardiff's full potential.

The Scoping Study evaluated development of a hard rock starter pit that extracts only 15% of the total Tardiff MRE, and did not include the adjacent North T or South T deposits. Results from the Scoping Study, delivered in July 2025, demonstrated robust financial outcomes including a post-tax Net Present Value (NPV) at 8% discount of US$445 million with a 25.5% internal rate of return (IRR), using base case commodity pricing of US$90/kg of neodymium (Nd) and praseodymium (Pr), US$1322/kg for terbium (Tb) and US$338/Kg for dysprosium (Dy). It estimated Tardiff can achieve average annual production of 56,000 tonnes of concentrate at a grade of 26.4% TREO (total rare earth oxide) and 3.3% Nb_2O_5, with global TREO recovery of 45.1% over an initial 11-year life of mine. The capital cost of development is estimated at US$291 million, which includes a 35% contingency, while operating costs are estimated at US$24 per dry metric tonne mined. [2]

Based on the results of the Tardiff Scoping Study and its recommendations, we plan to move ahead a Pre-Feasibility Study (PFS), for the project in 2026. We will also undertake further metallurgical testing aiming to optimize TREO and niobium concentrate grades and recoveries, prove the payability of the niobium contained at Tardiff, and test the recovery of zircon as a potential additional income stream.

Another aspect highlighted by the Scoping Study was the importance of building a Canadian domestic supply chain, and Vital's role as a founding member of the Canadian Rare Earth Supply Chain Consortium is our first step in ensuring this peak body moves ahead. Our MD Lisa Riley has taken a leadership role in progressing discussions between mining companies, industry and State, Territory and Federal Government bodies to better position Canada as a mine to metal REE producer. We also joined in a strategic research consortium dedicated to REE, designed to accelerate the establishment of a national rare earth elements industry. This initiative promotes sharing knowledge and expertise in the

[1] ASX Announcement dated 20 January 2025 "*MRE Delivers 56% Increase in Measured and Indicated Resource*"
[2] ASX Announcement dated 28 July 2025 "*Scoping Study Delivers Robust Economics and Upside Potential*"

value chain, pooling state-of-the-art, agile and flexible pilot laboratories, and using innovation to accelerate the development of Canadian mining projects.

We continue to liaise and discuss our project and its strong potential for development with the Canadian Government, which is incredibly important to its advancement. We have also worked hard over the past year to connect with our local communities and look for ways we can partner with them to provide mutual benefits via Nechalacho's development.

Post year-end, we secured $6.8 million in investment to help advance our plans for Tardiff. This combines a $3 million investment from US company Strategic Resources LLC for a 19.52% interest in Vital. In tranche two, which is subject to shareholder approval, Vital will issue a further 36.59 million shares at a price of A$0.105/share to accredited US investors, raising a further A$3.8m.

Strategic Resources has worked with samples from Nechalacho's Tardiff and North T deposits over the past two years, delivering promising results using its proprietary Dry Field Force Extraction (DFFE). Vital is very excited to work with Strategic Resources to further advance the DFFE technology as part of the Tardiff PFS and look forward to what this partnership can deliver.

I take this opportunity to thank our Management team and staff for their work over the past year. We have downsized considerably in recent times to reduce expenditure, and the workload that Lisa and her team are able to maintain has been incredible, particularly in delivering several important milestones related to Tardiff.

The recently announced Board changes post year-end reflects the desire for participation by our new strategic investors, and I look forward to their energy and technical know-how contributing to the Company as we move forward. I thank Mike Brook and Zane Lewis for their valuable contribution over the past year and for graciously stepping aside to accommodate David Dikken, Doug MacClennan and Alexius Chan coming onboard.

I also thank our Shareholders for your continued support and belief in our team and our ability to progress development of Nechalacho. With our PFS now underway, the year ahead will see us take further steps on our pathway, and I hope you will share the journey with us.

R.A. Crookes

Yours sincerely

Richard Crookes
Chairman

Nechalacho Rare Earths Project, Canada

Nechalacho Rare Earths Project, Canada
Vital Metals Limited (Vital or Vital Metals) is advancing the Tardiff deposit at its Nechalacho project in Northwest Territories (NWT), Canada. Tardiff is a large-scale deposit, representing one of the single largest rare earth systems in the Western world.

Figure 1: Vital Metals' Nechalacho Project, Canada.

Tardiff MRE update
In January 2025, the company delivered an updated Mineral Resource Estimate (MRE) for the Tardiff Deposit, following the receipt of final results from 2023 drilling.

Vital's MRE increased Measured + Indicated resources at the deposit. The current MRE features a total resource tonnage (across all categories) of 192.7Mt, grading 1.3% TREO and 0.3% niobium (Nb_2O_5), containing 2.52Mt TREO, including **636,000 tonnes of neodymium-praseodymium (NdPr)** and **578,000 tonnes of Nb_2O_5** (Table 1). [3]

This represented a 56% increase in reported tonnes in the Measured + Indicated Mineral Resource categories compared to the MRE completed in April 2024 as reported tonnes shifted from the Inferred Mineral Resource category.

Compared to the April 2024 MRE, the January 2025 MRE delivered a:

- 70% increase in reported tonnes in the Indicated Resource category;
- 56% increase in reported tonnes in Measured + Indicated Resource categories;
- 2% increase in contained NdPr;
- Niobium (Nb_2O_5), hosted within the same geological formations hosting the rare earth mineralisation, was reported for the first time.

The MRE also reported above a 0.7% TREO cut-off grade instead of a metal equivalent value as previously used.

[3] ASX Announcement dated 20 January 2025 "*MRE Delivers 56% Increase in Measured and Indicated Resource*"

Table 1: Tardiff Mineral Resource Estimate, TREO ≥ 0.7%

JORC Resource Classification	Tonnage	Average Grade (%)			Contained Oxide	
	Mt	TREO	Nd_2O_3	Pr_6O_{11}	TREO Kt	NdPr Kt
Measured	7.6	1.5	0.3	0.1	112	27
Indicated	41.0	1.3	0.3	0.1	528	131
Measured + Indicated	48.6	1.3	0.3	0.1	640	158
Inferred	144.1	1.3	0.3	0.1	1,883	477
Total	**192.7**	**1.3**	**0.3**	**0.1**	**2,523**	**635**

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 Nd2O3 and Pr6O11
5. NdPr = Nd_2O_3 + Pr_6O_{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.

The MRE was classified in accordance with the JORC Code (2012). The Competent Person classified the Tardiff Mineral Resource as Measured, Indicated, and Inferred based on drill hole spacing, the quality assurance of the data, geological confidence in the continuity of grade, quality of the local block grade estimates, and quantity and quality of density measurement data. The Competent Persons (CPs) are of the opinion that the Tardiff deposit is of sufficient grade, quantity, and coherence to meet the criteria for reasonable prospects for eventual economic extraction (RPEEE).

Tardiff drilling results

The MRE followed high-grade results from the final 24 drill holes from Vital's 2023 resource definition drilling program on the Tardiff deposit.

Best results included: [4]

- L23-639: **53.5m at 1.5% TREO** from 6.7m incl. **1.8m at 8% TREO** within **15.8m at 2.6% TREO**
- L23-652: **27.45m at 1.5% TREO** from 4.55m incl. **2m at 6.3% TREO**
- L23-638: **12.52m at 2.3% TREO** from 22.48m incl. **1.65m at 5.3% TREO**
- L23-643: **24.7m at 1.5% TREO** from 20.25 incl. **1.35m at 4.9% TREO**
- L23-664: **55.0m at 1.6% TREO** from 20.5m incl. **1.38m at 4.6% TREO**
- L23-644: **24.18m at 1.94% TREO** from **18.85m incl. 2m at 3.7% TREO**
- L23-633**: 22.83m at 2.0% TREO** from 27.95m incl. **1.87m at 3.3 % TREO**
- L23-628: **14m at 1.7% TREO** from 75m incl. **1m at 3.4% TREO**
- L23-660: **47.07m at 2.1% TREO** from 9.12m incl. **8.8m at 3% TREO** within **22.24m at 2.4% TREO**
- L23-633: **22.83m at 2.0% TREO** from 27.95m incl. **1.87m at 3.3% TREO** within **10.3m at 2.5% TREO**.

Mineralisation remains open to the west, northwest and on the southern margins – results confirmed potential for shallow, higher-grade resource expansion.

[4] ASX Announcement dated 23 July 2024 "*Final Drill Results from Tardiff including 1.8m at 8% TREO*"

Tardiff Scoping Study

Following the year-end, Vital delivered a Scoping Study for the Tardiff deposit in July 2025, outlining a financially robust rare earth and niobium concentrate operation with an initial 11-year mine life.

The Tardiff deposit is a near-surface light-rare-earth-elements-enriched mineralization that has been defined to a depth of approximately 100 metres (m) below surface.

The Study Objectives that were addressed are as follows:

- Vital Metals has reviewed a range of development options, has confirmed a robust project with the risk/reward profile now outlined, and considered the key value drivers, material risks and uncertainties.
- The technical and economic viability of the Project has been confirmed.
- Several mining, processing, power and infrastructure options were evaluated.
- Identified the need for REE and niobium metallurgical optimisation through additional testwork as an area for greater upside.

The company commissioned ERM Consultants Canada Ltd. (ERM) to provide a Scoping Study within guidelines and reporting standards established by the Australian Securities Exchange (ASX) and JORC for its Tardiff Project. In addition, it appointed Canada-based mineral processing consultancy Corem to complete processing testwork on samples from Tardiff, aiming to establish a flowsheet (with oversight by VML and ERM staff) in order to recover the rare earth elements (REE) from samples at Tardiff by concentrating the ore via physical separation and flotation techniques to determine the optimal front-end flowsheet for processing a concentrate from Tardiff.

The Scoping Study evaluated the development of a hard rock starter open pit that extracts only 15% of the total Tardiff Mineral Resource Estimate.

Highlights of the study (Table 2) included:[5]

- Robust financial outcomes of:
  - Pre-tax net present value ($NPV_{8\%}$) of US$776M and 32% internal rate of return (IRR).
  - Post-tax $NPV_{8\%}$ of US$445M and 25.5% IRR
- Base case commodity pricing of:
  - US$90/kg for neodymium (Nd) and praseodymium (Pr),
  - US$1322/kg for terbium (Tb), and
  - US$338/kg for dysprosium (Dy).
  - The breakeven price for NdPr using all other prices from the base case is US$33.68/kg.
- Average annual production estimate of 56kt of concentrate at a grade of 26.4% TREO and 3.3% Nb_2O_5, with 45.1% global TREO recovery over an initial 11-year life of mine (LOM).
- Average annual Rare Earth Element (REE) production is estimated to be 2.9kt of Nd and 0.9kt of Pr, with less than 100 tons each of Dy and Tb.
- Pit design targets a daily production of 14,000 tpd (approx. 3,000,000 tpa) with a very low 0.3:1 stripping ratio.
- Further infill drilling should increase the size and confidence of the resource supporting a longer LOM and thereby expanding project economics.
- Capital cost estimated at US$291 million (A$455 million), including a 35% contingency of US$68M; operating cost estimated at US$24/dry metric tonne mined (includes a 20% contingency).

[5] ASX Announcement dated 28 July 2025 "*Scoping Study Delivers Robust Economics and Upside Potential*"

Table 2: Scoping Study Key Metrics

Category	Unit	Study Estimate
NPV $_{8\%}$ (ungeared) (Pre-tax / Post-tax)	US$M	776 / 445
IRR (ungeared) (Pre-tax / Post-tax)	%	32 / 25.5
Net cashflow (undiscounted, ungeared)	US$BN	1.6
Payback from first production	months	39
TREO concentrate Value Base Case (26.4% TREO shipped value)	US$ /Tonne Conc.	8500
Payability of total TREO Concentrate Value Base Case	%	50
Forecast average LOM Opex (including Sustaining Capital)	US$/Tonne Conc.	1,115
Pre-production capital costs (start-up)	US$M	291

Mine schedule

The mine operation and metallurgical facility were optimised to run on a seven-month operating season. This is scaled to match the barge and tugboat equipment to run for a summer barging season of approximately 90 days.

Figure 2: Mine Schedule for Tardiff deposit

This operating strategy focuses on operational spending during the same time that concentrate is being shipped on Great Slave Lake. Additionally, it will reduce cost inefficiencies related to maintaining and operating the site for extended periods.

Closing the Plant and camp during the coldest and darkest part of the year allows for a greater dependence on more cost-effective solar energy and batteries than traditional generators.

The Project can be operated for a longer duration (10-12 months per year) if the scale is increased; however, this would require additional capital cost and arguably a larger inventory of Measured and Indicated Resources to maintain a +10-year mine life.

Table 3: Mine Production Schedule (kt)

Year	Rock	Total Ore (In-Situ)	Strip Ratio	Total Waste	Measured	Indicated	Inferred	Total Ore (In-Situ)
1	2,138	938	1.28	1,200	307	469	162	938
2	2,266	1,767	0.28	499	534	1,157	76	1,767
3	3,715	2,938	0.26	777	598	1,535	805	2,938
4	3,729	2,956	0.26	773	491	1,712	753	2,956
5	3,569	2,965	0.20	604	659	1,504	802	2,965
6	3,511	3,001	0.17	510	753	1,457	791	3,001
7	3,462	2,956	0.17	506	172	1,377	1,407	2,956
8	3,287	2,942	0.12	345	151	1,756	1,035	2,942
9	3,698	2,940	0.26	758	370	964	1,606	2,940
10	3,727	2,939	0.27	788	818	1,094	1,027	2,939
11	3,380	2,412	0.40	968	509	1,131	772	2,412
Total	**36,482**	**28,754**		**7,728**	**5,362**	**14,156**	**9,236**	**28,754**

Advancing to Tardiff Pre-Feasibility Study

To potentially improve the project's economics, the Study recommended advancing to a Pre-feasibility Study (PFS) with additional extensive metallurgical testing to:

- Optimize TREO and niobium recoveries;
- Prove the payability of niobium; and
- Test the recovery of zircon.

Vital aims to deliver a PFS for Tardiff in 2026.

Nechalacho footprint expanded

During the period, Vital staked[5] more than 25km2 (2,500ha) of ground immediately north of Nechalacho.

Three new mineral claims, M11875 to M11877, measure 11.50km^2 (1,150ha), 7.61km^2 (761ha) and 5.95km^2 (595ha), and are 100% owned by Vital's Canadian subsidiary, Nechalacho Resources Corp (formerly Cheetah Resources Corp).

This was in addition to Vital's 50km^2 (5,000ha) existing mineral claims at Nechalacho, over which it holds mineral rights to resources only above a depth of 150 metres above sea level (150m RL). The new ground expanded Vital's footprint at Nechalacho to more than 75km^2 (7,500ha).

Vital's exploration team completed sampling, high-definition core photography and field work across the existing land package during the period. Additionally, ERM's technical team visited the site to review and quality control key information for the Tardiff Scoping Study.

CORPORATE

Strategic $6.8M investment
In August 2025, Vital secured A$6.8 million via a two-tranche strategic placement[4] to advance the Tardiff Deposit through PFS.
The placement comprised:

- **Tranche 1:** Strategic Resources LLC (SR), a US Company, will invest A$3 million, with Vital to issue approximately 28.59 million shares at a price of A$0.105/share to SR, delivering an initial 19.52% interest in Vital.
- **Tranche 2:** Subject to shareholder approval, Vital will issue a further 36.59 million shares at a price of A$0.105/share to accredited US investors, raising a further A$3.8m.

Vital will use funds from the investment to:

- Fly detailed drone-based aeromagnetic surveys of North T, South T, T and R Zones, and the three new concessions staked in November 2024 and conduct exploration fieldwork in those areas before winter sets in.
- Optimize Tardiff's processing flowsheet and add zircon and niobium to the payable list with further testwork, including the new Dry Field Force Extraction (DFFE).
- Update Tardiff's MRE with a focus on infill drilling and upgrade resource confidence from Inferred to Measured and Indicated.
- Deliver a Pre-Feasibility Study incorporating a MRE update and results of optimisation.

Settlement of Tranche 1 occurred on 4 September 2025. Vital expects to hold a General Meeting to seek approval of Tranche 2 shares, which, if approved, will settle 10 business days after the General Meeting. All new shares will rank equally with the Company's existing shares on issue.

Key terms of the subscription agreements include Board representation as follows:

- For so long as SR has an interest of 10% in the Company, SR has the right to nominate two (2) directors to the Board.
- For so long as SR has an interest of 5% in the Company, SR has the right to nominate one (1) director to the Board.

Non-executive director Mr Zane Lewis will resign as a director of Vital upon the nomination and appointment of SR's Board representatives, which is to occur following the settlement of Tranche 1. Vital will provide an update to the market at that time.

Board Changes
In July 2024, Vital appointed Lisa Riley as its Managing Director and CEO following its decision to terminate the contract of Dr Geordie Mark, who was Managing Director and CEO from October 2023.

Ms Riley had served on Vital's Board since December 2022 as an independent Director, based in Toronto, Canada. She has 30 years of experience in global capital markets, finance, mining advisory and government relations in Canada and Latin America.

In August 2024, Vital announced the appointment of experienced corporate advisor and executive Zane Lewis as a Non-Executive Director, with Paul Quirk retiring as a director to maintain the current Board size. Mr Lewis, the founder of SmallCap Corporate, has more than 25 years of corporate advisory experience with various ASX and AIM-listed companies.

Further Board changes occurred after the end of the financial year and are set out in the Directors' Report.

Strategic Research Consortium
With increasing geopolitical tensions globally, Vital's Managing Director and CEO Lisa Riley has taken a leadership role in progressing discussions between mining companies, industry and State, Territory and Federal Government bodies to better position Canada as a mine to metal REE producer.

Vital's Tardiff and high-grade North T deposits at Nechalacho are positioned to be significant components of this initiative.

Vital and partners Appia Rare Earths & Uranium Corp., Commerce Resources, Defense Metals, March Consulting Associates Inc. and the mineral processing innovation centre Corem, announced the creation of a strategic research consortium dedicated to rare earth elements (REE).

This collaborative initiative is designed to accelerate the establishment of a national rare earth elements industry, thereby reinforcing Canada's strategic role in this key sector, supporting the development of advanced technologies.
Its creation will also contribute to the socio-economic development of northern communities.

This consortium will implement a collaborative approach aimed at optimizing the extraction and processing of rare earth elements through technological innovation.

This initiative promotes sharing the know-how and expertise of players in the value chain, pooling state-of-the-art, agile and flexible pilot laboratories, and the creation of collective innovation to accelerate the development of promising Canadian mining projects.

Share consolidation
During the June 2025 quarter, Vital completed a 50-to-one share consolidation. This reduced its total shares and options on issue.

Post consolidation, this resulted in:

- Fully paid shares on issue: 117,899,268
- Options expiring 11 October 2026 (ex $0.20): 5,600,000
- Options expiring 10 December 2027 (ex $0.75): 4,000,000
- Options expiring 4 January 2027 (ex $0.05): 880,000.
- Options expiring on various dates with various exercise prices: 2,000,000.

Shares, Options and Performance Rights are reported in this Annual Report on a Post-Consolidation basis, unless otherwise noted.

$1 million convertible loan secured
On 13 March 2025, the Company reached agreement for a $1,000,000 Convertible Loan ("**Loan**"). This Loan has a term of 12 months and an interest rate of 12% p.a. The Loan and any interest may be converted into shares in the Company at an issue price of $0.10 per share. As part of the Loan, the Company issued 5,600,000 options with an expiry date of 11 October 2026 and an exercise price of $0.20. to the Lender.

Change of Auditor
Vital appointed Hall Chadwick (NSW) as auditor of the Company, in accordance with Listing Rule 3.16.3. The appointment followed 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.

Change of Registered Office
In July, Vital's Registered Office and principal place of business changed to:

Level 5, 56 Pitt Street
Sydney NSW 2000
Phone: +61 2 8823 3179

Other details were unchanged.

ASX Listing Rule Information

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 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, 41.0Mt @ 1.29% TREO Indicated and 7.6Mt @ 1.48% TREO Measured.

This annual report contains information relating to Exploration Results extracted from ASX market announcements 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 23 July 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 announcements

This annual report contains information relating to the Scoping Study extracted from 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 28 July 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 Company's Mineral Resources Statement has been compiled 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 include reporting on an annual basis and in compliance with the 2012 Edition of JORC and ASX Listing Rules. The Competent Person is suitably qualified and experienced, as defined in the 2012 Edition of JORC.

Nechalacho Rare Earths Project
As of 30 June 2025, the Nechalacho Rare Earths Project in Canada has Mineral Resource Estimates, as defined in Table 4 below.

An update to the Tardiff Upper Zone was released in January 2025, informed by an integrated cost and recovery approach which employs a 0.7% TREO cut-off grade (see Table 4). In comparison, the former estimate employed a Net Metal Revenue (NMR) cut-off criteria based on projected cost and recovery factors. The updated Mineral Resource Estimates for the Tardiff Upper Zone are highlighted in Table 4 below. This table (part 2) also shows the changes between the Mineral Resource Estimate at 30 June 2024 and the 2025 MRE.

The final drill holes from the 2023 drill campaign were included in the resource database. Since the previous Mineral Resource Estimate (January 30, 2024; published April 4th, 2024). The current Mineral Resource delivers 17.5 Mt additional Measured and Indicated tonnes but a decrease of 37.5 Mt of Inferred tonnes.

Table 4: 2025 Mineral Resource Estimate in comparison to previous MRE – Part 1

Effective Date	June 30, 2024 *				June 30, 2025 **			
Class	Tonnage (Mt)	Average				Average		
		TREO (%)	Nd_2O_3 (%)	Pr_6O_{11} (%)	Tonnage (Mt)	TREO (%)	Nd_2O_3 (%)	Pr_6O_{11} (%)
Measured	7.0	1.392	0.267	0.074	7.6	1.48	0.28	0.08
Indicated	24.1	1.082	0.213	0.057	41.0	1.29	0.25	0.07
Measured + Indicated	**31.1**	**1.152**	**0.225**	**0.061**	48.6	1.32	0.26	0.07
Inferred	181.6	1.170	0.232	0.062	144.1	1.31	0.26	0.07
Total	**212.7**	**1.167**	**0.231**	**0.062**	**192.7**	**1.31**	**0.26**	**0.07**

* Mineral Resource estimate (January 30, 2024; published April 4, 2024)
** Mineral Resource estimate (December 18, 2024; published January 20, 2025)

Table 4: 2025 Mineral Resource Estimate in comparison to previous MRE – Part 2

	Change			
Class	Tonnage (Mt)	Average		
		TREO (%)	Nd_2O_3 (%)	Pr_6O_{11} (%)
Measured	+0.6	+0.088	+0.013	+0.006
Indicated	+16.9	+0.208	+0.037	+0.013
Measured + Indicated	**+17.5**	**+0.168**	+0.035	+0.009
Inferred	-37.5	+0.14	+0.028	+0.008
Total	**+20.0**	**+0.143**	+0.029	+0.008

The Annual Mineral Resource Estimate in respect of the Tardiff Upper Zone is based on, and fairly represents, information and supporting documentation prepared by a competent person and announced on ASX on January 20, 2025 "*Vital's optimized MRE delivers 56% increase in Measured + Indicated resources for Tardiff rare earth deposit.*"

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 Paul Teniere. Mr. Paul Teniere, M.Sc., P.Geo. is the Owner and President of Teniere Geoconsulting Services and a Member of the Association of Professional Engineers & Geoscientists of New Brunswick (APEGNB) and Professional Engineers and Geoscientists of Newfoundland & Labrador (PEGNL), both considered recognized overseas professional organizations (ROPO) under JORC. Mr Paul Teniere is fully independent of Vital Metals and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Paul Teniere consents to the disclosure of the information in this report in the form and context in which it appears.

Location	Project	No	Beneficial Interest
Canada	Nechalacho	NT-3178	100%*
Canada	Nechalacho	NT-3179	100%*
Canada	Nechalacho	NT-3265	100%*
Canada	Nechalacho	NT-3266	100%*
Canada	Nechalacho	NT-3267	100%*
Canada	Nechalacho	NT-5534	100%*
Canada	Nechalacho	NT-5535	100%*
Canada	Nechalacho	NT-5561	100%*
Canada	Nechalacho	M11875	100%
Canada	Nechalacho	M11876	100%
Canada	Nechalacho	M11877	100%

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

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 2025.

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.

Names, qualifications, experience and special responsibilities

Mr Richard Crookes
Non-Executive Chairman

Mr Crookes has over 35 years' experience in the resources and investments industries. He is a geologist by training having worked in the industry most recently as the Chief Geologist and Mining Manager of Ernest Henry Mining in Australia. Mr Crookes is Managing Partner of Lionhead Resources, a Critical Minerals Investment Fund and formerly an Investment Director at EMR Capital. Prior to that he was an Executive Director in Macquarie Bank's Metals Energy Capital (MEC) division where he managed all aspects of the bank's principal investments in mining and metals companies as well as the origination of project finance transactions.

Mr Crookes has extensive experience in deal origination, evaluation, structuring and completing investment entry and exits for both private and public resource companies in Australia and overseas.

Mr Crookes held directorships with the following listed companies in the three years immediately prior to the date of this report.

	Date Appointed	Date Resigned
Black Rock Mining Ltd	October 2017	Current
Brightstar Resources Ltd	May 2025	Current
Lithium Power International Ltd	November 2018	March 2025

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).

Ms Lisa Riley
Managing Director (Appointed Managing Director 15 July 2025, previously Non-Executive Director)

Ms Riley has more than 30 years of experience in global capital markets, finance, mining advisory and government relations in Canada and Latin America. She is a Non-Executive Director of Star Diamond Corp (TSX: DIAM) (Appointed February 2020), chairing its audit committee and is a member of its corporate governance, compensation and nomination committee. She is also a Director of GFG Resources Inc (TSX-V: GFG) (Appointed April 2021) and is a member of GFG's corporate governance/compensation and audit committees.

Previously, she was Chair of the Board of Tribeca Resources (TSX-V: TRBC) (appointed October 2022, resigned December 2023) and a member of the corporate governance/compensation and audit committees. She was Lead Director of Scorpio Mining Corp (TSX: SPM) which became Americas Gold and Silver (TSX: USA) and chaired its audit committee. She was also a director of Scorpio Gold (TSX-V: SGN).

Earlier in her career, Ms Riley held roles as Vice President and Director of Equity Sales at TD Securities in London, Vice President of Equity Sales at RBC Capital Markets in London and Vice President of Equity Research at Lehman Brothers in New York City.

She has extensive experience advising companies on improving stakeholder relations and incorporating ESG focuses in real and measurable ways and is also fluent in three languages.

Mr David Dikken
Non-Executive Director (appointed 22 September 2025)

Mr Dikken is the Managing Director and Chief Executive Officer of Strategic Resources' parent company Measurement Technology Laboratories. He has nearly 30 years' experience as a senior executive, as a CEO and Chief Technology Officer. He has also been Technical Expert and Lead Assessor for the United States National Institute of Standards and Technology.

Mr Dikken graduated with a BA (Hon) Physics/Geology and Teaching License in Physics/Chemistry from the University of Minnesota.

Mr Douglas MacLennan
Non-Executive Director (appointed 22 September 2025)

Mr MacLennan is a business development and finance executive who has been Senior Financial Advisor and Strategy Director, Middle East and North Africa of Measurement Technology Laboratories since 2021. He has also served in Managing Director roles and has experience across the US and Middle East business operations.

He holds a Master of Business Administration with a finance major from the New York University and a Bachelor of Arts, majoring in History.

Mr Alexius Chan
Non-Executive Director (appointed 22 September 2025)

Mr Chan is the Managing Director of Sotepi Pty Ltd and has a background in law. Prior to his role at Sotepi, Mr Chan was an analyst at DVA Capital and Van Eyk Research

Mr Chan holds a *Bachelor of Arts, Bachelor of Laws, Master of Commerce, Master of Law and Master of Applied Finance.*

Mr Michael Brook
Non-Executive Director (resigned 22 September 2025)

Mr Brook is a mining Professional with diversified hands on global mining industry experience underpinning a subsequent career path as a stockbroking resource analyst and then roles in Mining Investment. In these roles, Mr Brook has driven the technical and commercial review of project and companies across multiple jurisdictions and commodities and from early exploration through to production.

Mr Brook is currently a non-executive director of Geopacific Resources Limited (ASX:GPR) (appointed July 2022), Principal – Mining for African Investments Limited (Private) and Chair of TuNya Resources (Private).

He graduated with a BSc (Hon) Mining Geology from the University of Wales (Cardiff) and is a member of AusIMM.

Mr Zane Lewis
Non-Executive Director (Appointed 12 August 2025, resigned 22 September 2025)

Mr Lewis, the founder of SmallCap Corporate, has more than 25 of years corporate advisory experience with various ASX and AIM listed companies. He currently serves as the Chairman Odessa Minerals (ASX: ODE) (appointed November 2019), and as a Non-Executive Director of Kairos Minerals (ASX: KAI) (appointed March 2022 and Lion Energy (ASX: LIO) (appointed February 2018).

Mr Lewis was also an Executive Director and Company Secretary of Vital Metals (Appointed February 2019, resigned August 2020), including at time the Company acquired the Nechalacho Rare Earths Project in Canada.

He brings to the board a wealth of knowledge drawn from his extensive financial and corporate experience in previous roles, and he is a Fellow of the Governance Institute of Australia.

Mr Paul Quirk
Non-Executive Director (resigned 12 August 2024)

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.

Dr Geordie Mark
Managing Director and CEO (Terminated 15 July 2025)

Dr Mark was previously the Head of Mining for Haywood Securities Inc., where he held different roles and sub-sector coverages from 2008. These responsibilities developed experience in assessing natural resource-related equities including exploration and project development-related risk, corporate strategy effectiveness, commodity sentiment and financial forecasts and estimates delivery. He also held an analyst position at Passport Capital that encompassed a spectrum of coverage from explorers to large cap. producers across a range of commodities.

Prior to moving to Canada, Dr Mark was a lecturer in Economic Geology and Logan Fellow at Monash University in Melbourne.

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), InVert Graphite Limited (ASX: IVG) and Stellar Resources Limited (ASX: SRZ).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were mineral exploration and development in Canada.

FINANCIAL POSITION

As of 30 June 2025, the Company held $328,691 (2024: $2,682,271) in cash.

The Group's net assets at 30 June 2025 were $55,923,568 (30 June 2024: $57,352,466).

FINANCIAL RESULTS

The Group recorded an operating loss from continuing operations for the year of $3,310,246 (2024: $4,975,996) and a loss of $3,310,246 (2024: profit of $2,371,596) from continuing and discontinued operations. The 2025 result is consistent with the current nature and operations of the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs of the Group occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

As noted in the review of operations:

- In July 2025, the Company delivered the Tardiff Scoping Study; and
- In August 2025, the Company announced a $6.8 million two-tranche strategic placement comprising:
    - Tranche 1: $3 million by Strategic Resources LLC from the issue of 28.59 million ordinary fully paid shares at a price of $0.105 per share; and
    - Tranche 2: Subject to shareholder approval, Vital will issue a further 36.59 million shares at a price of A$0.105 per share to accredited US investors, raising a further $3.8 million.

The following securities were issued subsequent to the end of the financial year:

- 880,000 options with an exercise price of $0. 05 and an expiry date of 4 January 2027 to a Lender. These options were granted during the financial year and were accounted for during the financial year.
- 1,200,000 options with an exercise price of $0.225 and an expiry date of 15 September 2029, 1,200,000 options with an exercise price of $0.2175 and an expiry date of 15 September 2029 and 924,000 performance rights with an expiry date of 15 September 2027 to Lisa Riley. These securities were approved by shareholders during the financial year and have been accounted for during the financial year.
- 28,594,816 ordinary fully paid shares at an issue price of $0.105 per share in accordance with the Tranche 1 Investment described above.

On 22 September 2025, the following changes to the Board:

- David Dikken and Douglas MacLennan were appointed as non-executive directors as nominees of Strategic Resources LLC, which invested $3 million in Tranche 1 of the placement (refer above).
- Alexius Chan was also appointed as a Non-Executive Director.
- Directors Zane Lewis and Michael Brook resigned from the Board.

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.

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 intends to continue its exploration and development activities at the Nechalacho projects whilst assessing opportunities to acquire further suitable projects for exploration and development 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.

RISK MANAGEMENT

The Directors are responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities. The Board's collective experience will generally enable identification of the principal risks that may affect the Company's business, and an Audit and Risk Committee has been established. Vital Metals Limited has a Risk Management Policy for oversight and management of material business risks. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Company operates in a changing environment and is, therefore, subject to factors and business risks that will affect future performance.

Set out below are the principal risks and uncertainties that could have a material effect on Vital's future results, both operationally and financially. It is not possible to determine the likelihood of these risks occurring with any certainty. In the event that one or more of these risks materialise, Vital's reputation, strategy, business, operations, financial condition and future performance could be materially and adversely affected. There may also be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known and/or material. These may individually or in aggregate adversely affect Vital.

Operational Risks

Exploration Risk
Mining exploration and development is a high-risk undertaking. The success of the Company depends on the delineation of economically-minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Tenure, access and grant of application
The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from the existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation.

Rare earth prices

Rare Earth prices are calculated by pricing formulae that reference published pricing for various Rare Earths materials. The market price has been volatile in the past because it is influenced by numerous factors and events. These include:

- Supply side factors: periods of restricted supply, over supply or speculative trading of Rare Earths can lead to significant fluctuations in Rare Earth pricing.
- Demand side factors: Demand for end-products that utilise Vital's material fluctuates due to factors including global economic trends, regulatory developments and consumer trends.
- Geopolitical factors: Recently Rare Earths have been the focus of significant attention, particular in the United States.

Strong Rare Earth prices, as well as real or perceived disruptions in supply, may create economic incentives to identify or create alternate technologies that ultimately could depress future long-term demand for Rare Earths. This may, at the same time, incentivise the development of additional mining properties to produce Rare Earths. If industries reduce their reliance on Rare Earth products, the resulting change in demand could have a material adverse effect on Vital's business.

It is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the price of Rare Earths, including as a result of periods of over-supply and/or speculative trading of Rare Earths, will adversely affect Vital's business and its ability to finance planned capital expenditures, including development projects.

Operational and development risks

Vital's operations and development activities could be affected by various unforeseen events and circumstances, such as hazards in exploration, the ability of third parties to meet their commitments in accordance with contractual arrangements, and the delivery and grades of ore and performance of processing facilities at design specification. Factors such as these may result in increased costs. Any negative outcomes flowing from these operational risks could have an adverse effect on Vital's business, financial condition, profitability and performance.

Nature of mining

Mineral mining involves risks, which, even with a combination of experience, knowledge and careful evaluation, may not be able to be fully mitigated. Mining operations are subject to hazards normally encountered in exploration and mining. These include unexpected geological formations, rock falls, flooding, dam wall failure, bush fires and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Vital's operations and its financial results. Projects may not proceed to plan with potential for delay in the timing of targeted output, and Vital may not achieve the level of targeted mining output. Mining output levels may also be affected by factors beyond Vital's control.

Mineral Resource and Ore Reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the anticipated level of recovery will be realised. Mineral Resource and Ore Reserve estimates are based upon estimates made by Vital personnel and independent consultants. Estimates are inherently uncertain and are based on geological interpretations and inferences drawn from drilling results and sampling analyses. There is no certainty that any Mineral Resources or Ore Reserves identified by Vital will be realised, that any anticipated level of recovery of minerals will be realised, or that an identified Ore Reserve or Mineral Resource will be a commercially mineable (or viable) deposit which can be legally and economically exploited.

Further, the grade of mineralisation which may ultimately be mined may differ materially from what is predicted. The quantity and resulting valuation of Ore Reserves and Mineral Resources may also vary depending on, amongst others, metal prices, cut-off grades and estimates of future operating costs (which may be inaccurate). Production can be affected by many factors. Any material change in the quantity of Ore Reserves, Mineral Resources, grade, or stripping ratio may affect the economic viability of any project undertaken by Vital.

Vital's estimated Mineral Resources and any future Ore Reserves should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations. Investors should be cautioned not to place undue reliance on any estimates made by Vital. Vital cannot be certain that its Mineral Resource and any future Ore Reserve estimates are accurate and cannot guarantee that it will recover the expected quantities of metals. Future production could differ dramatically from such estimates for the following reasons:

- actual mineralisation or Rare Earth grade could be different from those predicted by drilling, sampling, feasibility or technical reports;
- increases in the capital or operating costs of the mine;
- decreases in Rare Earth oxide prices;
- changes in the life-of-mine plan;
- the grade of Rare Earths may vary over the life of a Vital project and Vital cannot give any assurances that any MRE will ultimately be recovered; or
- metallurgical performance could differ from forecast.

The occurrence of any of these events may cause Vital to adjust its Mineral Resource and future Ore Reserve Estimates or change its mining plans. This could negatively affect Vital's financial condition and results of operations. Moreover, short-term factors, such as the need for additional development of any Vital project or the processing of new or different grades, may adversely affect Vital.

Vital reports its Mineral Resources and Ore Reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

Attraction and retention of skilled personnel
Attraction and retention of skilled personnel is important to Vital's operations and its further growth.

In addition, industrial and labour disputes, work stoppages and accidents, and logistical and engineering difficulties may also have an adverse effect on Vital's profitability and share price.

Industry trends, including changes in technology
Changes in technology, including switches to renewable energy sources, present both opportunities and risks to the Vital business. As technologies and consumer trends continue to evolve, new competing technologies may emerge that may reduce demand for Vital's Rare Earth products. Any significant trends away from technologies that utilise Vital Rare Earths products could materially adversely affect the Vital business.

Regulatory, legal and environmental risks

General regulatory risks
Vital's business is subject to various national and local laws and regulations relating to the mining, production, marketing, pricing, transportation and storage of products and residues, predominantly in Canada. A change in the legislative and administrative regimes, taxation laws, interest rates, and other legal and government policies may have an adverse effect on the assets, operations and ultimately the financial performance of Vital and the market price of Vital's shares. Other changes in the regulatory environment (including applicable accounting standards) may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Vital's business and financial condition.

Licences, permits, approvals, consents and authorisations
Vital's mining and production activities are dependent on the granting and maintenance of appropriate licences, permits, approvals, and regulatory consents and authorisations (including those related to interests in mining tenements), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. Although such licences, permits, approvals and regulatory consents and authorisations may be granted, continued or renewed (as the case may be), there can be no assurance that such licences, permits, approvals and regulatory consents and authorisations will be granted, continued or renewed as a matter of course, or as to the terms of renewals or grants, including that new conditions, or new interpretations of existing conditions, will not be imposed in connection therewith. Whether such licences, permits, approvals and regulatory consents and authorisations may be

granted, continued or renewed (as the case may be) often depends on Vital being successful in obtaining the required statutory approvals for proposed activities. If there is a failure to obtain or retain the appropriate licences, permits, approvals and regulatory consents and authorisations, or if there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions or withdrawn, then Vital's ability to conduct its mining and production activities may be adversely affected.

Political risks and government actions

Vital's operations could be affected by government actions predominantly in Australia and Canada and other countries or jurisdictions in which it has interests. Vital is subject to the risk that it may not be able to carry out its operations as it intends, including because of a change in government, legislation, guidelines, regulation or policy, including in relation to the environment, the Rare Earths sector, competition policy, native title and cultural heritage. Such changes could affect land access, the granting of licences and other tenements, the approval of developments and freedom to conduct operations.

The possible extent of Geopolitical imperatives related to supply chain security of Critical Minerals including Rare Earths Minerals or the introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Vital's business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by Vital, which could have a material adverse effect on Vital's business and financial condition.

Vital also may not be able to ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on Vital' business and financial position.

Environmental risks

Vital's activities are subject to extensive laws and regulations controlling not only the mining of exploration for and processing of Rare Earths, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Vital must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and Vital could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of residues and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Given the sensitive nature of this area, Vital may be exposed to litigation and foreseen and unforeseen compliance and rehabilitation costs despite its best efforts.

Climate change risks

Climate change and the rapidly evolving response to it may lead to a number of risks, including but not limited to transition risk such as:

- Increased political, policy and legal risks (e.g. the introduction of regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions);
- Increased capital and operational costs, including increased costs of inputs and raw materials;
- Increased actual risk to physical property damage arising from the impact of climate change (for example bushfire or floods); and
- Technological change and reputational risks associated with Vital's conduct.

Community acceptance and reputation
Vital recognises that a strong mutual relationship with each community in which it operates is a pre-condition to successful operations. Failure to maintain those relationships and the acceptance by those communities may have an adverse effect on Vital's operations.

In addition, Vital recognises the importance of maintaining its reputation with its stakeholders including shareholders, regulatory authorities, communities, customers and suppliers. Failure to maintain its reputation with some or all stakeholders may have a negative effect on the future performance of Vital.

Legal action
It is possible that, Vital could be exposed to litigation or proceedings, either from shareholders, financiers, regulators or members of the communities in which Vital operates.

Financial risks

Funding risk
The Company has no operating revenue and is unlikely to generate consistent operating revenue unless and until the Company's projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

In order to successfully develop the Company's projects and for production to commence, the Company will require further financing in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

General risks

General economic conditions
Vital's operating performance and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates or decrease in consumer and business demand, could be expected to have an adverse impact on Vital' business, results of operations or financial condition and performance.

Accounting standards
Accounting standards may change. This may affect the reporting earnings of Vital and its financial position from time to time. Vital has previously and will continue to assess and disclose, when known, the effect of adopting new accounting standards in its periodic financial reporting.

Force majeure events

Events may occur within or outside Vital's key markets that could affect global economies and the operations of Vital. The events include, but are not limited, to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, changes in weather patterns or other severe weather events, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on market conditions, the demand for Vital's product offering and services and Vital's ability to conduct business.

Cyber security

Cyber security risks are increasing in the external environment. Cyber security risks include computer viruses targeting IT systems, unauthorised access, cyber-attack (either targeted at Vital for financial gain or due to geopolitical matters), social media disinformation campaigns, penetration of Vital's systems (including through attacks on Vital's suppliers) and other similar matters. A cyber event may lead to adverse impacts on Vital's operations and financial performance.

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.

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.

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

NON-AUDIT SERVICES

There we no non-audit services for the 2025 financial year (2024: $NIL).

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	Performance Rights
Richard Crookes	428,515	Nil	Nil
Lisa Riley	Nil	2,400,000	924,000
David Dikken	28,594,816	Nil	Nil
Douglas MacLennan	Nil	Nil	Nil
Alexius Chan	2,497,999	Nil	Nil

SHARES UNDER OPTION

At the date of this report, the Group had on issue 146,494,084 ordinary shares and 14,880,000 options over ordinary shares and 924,000 performance rights.

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
31 July 2023	11 January 2028	$0.75	800,000
10 October 2023	11 January 2028	$0.425	600,000
21 November 2023	11 January 2028	$0.425	600,000
21 November 2024	10 December 2027	$0.75	4,000,000
14 March 2025	11 October 2026	$0.20	5,600,000
23 June 2025	4 January 2027	$0.05	880,000
21 November 2024	15 September 2029	$0.225	1,200,000
21 November 2024	15 September 2029	$0.2175	1,200,000
		TOTAL	**14,880,000**

Unissued ordinary shares of the Company forming part of performance rights at the date of this report are as follows:

DATE PERFORMANCE RIGHTS GRANTED	EXPIRY DATE	EXERCISE PRICE	NUMBER OF PERFORMANCE RIGHTS
21 November 2024	15 September 2027	$0.00	924,000
		TOTAL	**924,000**

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 Board, Audit and Risk Committee and Remuneration and Nominations Committee meetings held during the period and the number of meetings attended by each as a Director. The number of these meetings held and the number attended by the committee members are set out below.

	Board Meetings		Audit and Risk Committee		Remuneration Committee	
Director	**Number of Meetings held while in office**	**Meetings attended**	**Number of Meetings held while in office**	**Meetings attended**	**Number of Meetings held while in office**	**Meetings attended**
Richard Crookes	10	10	3	3	1	1
Lisa Riley	10	10	3	3	1	1
Michael Brook	9	9	3	3	-	-
Zane Lewis	8	8	3	3	-	-
Paul Quirk	1	1	-	-	1	1
Geordie Mark	1	1	-	-	1	1

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/

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 2025 were:

Name	Position for the year ended 30 June 2025
Richard Crookes	Chairman
Lisa Riley	Managing Director from 15 July 2024, previously Non-Executive Director
Michael Brook	Non-Executive Director (resigned 22 September 2025)
Zane Lewis	Non-Executive Director (appointed 12 August 2024, resigned 22 September 2025)
Paul Quirk	Non-Executive Director (resigned 12 August 2024)
Geordie Mark	Managing Director and CEO (terminated on 15 July 2024)

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 2025, all Directors and all executives, have formal contracts with the Company.

The terms during the financial year are set out as follows:

Name	Position	Annual Remuneration A$
Richard Crookes	Non-Executive Director / Chairman	70,000[1]
Lisa Riley	Managing Director	472,920 (C$420,000)[2]
Mike Brook	Non-Executive Director	45,500[3]
Zane Lewis	Non-Executive Director (appointed 12 August 2024)	56,000[4]
Paul Quirk	Non-Executive Director (resigned 12 August 2024)	70,000
Geordie Mark	Managing Director and CEO (appointed 16 October 2023, terminated 15 July 2024)	472,920 (C$420,000)

1. Note this was $100,000 to March 2025 and then reduced to $70,000 from April 2025
2. This is Annual remuneration as Managing Director from 15 July 2025, prior to that, Non-executive fees the same as Zane Lewis applied
3. Note this was $65,000 to March 2025 and then reduced to $45,500 from April 2025
4. Note this was $80,000 to March 2025 and then reduced to $56,000 from April 2025

Lisa Riley (appointed 15 July 2025) Managing Director and CEO (previously Non-Executive Director)
Ms Riley, in her position as Managing Director and CEO has an employment agreement that commenced on 15 July 2024. The key terms of the agreement are as follows:

Commencement:	15 July 2024
Term:	From Commencement Date until terminated in accordance with the provisions for termination.
Termination And Notice:	Within 6 months of appointment, the Company may terminate this agreement with no notice period required and after six (6) months, by giving not less than six (6) months' notice. The Executive may terminate this agreement by giving not less than two (2) months' notice.
Base Salary:	C$360,000 per annum in cash and C$60,000 per annum in share based payments, subject to shareholder approval.
Short Term Incentive:	Short term incentive of up to 30% of the Base Salary at the Board's absolute discretion.
Long Term Incentives:	Long term incentive of up to 70% of the Base Salary, awarded annually, at the Board's absolute discretion.
Incentive Securities:	Issue of 1,200,000 options in the Company, each with an exercise price of A$0.225 and an expiry date of 15 September 2029. Options vest 12 months after award, subject to continued employment.

Geordie Mark (terminated 15 July 2024) Managing Director and CEO
Mr Mark was under an employment agreement that commenced on 6 October 2023 and was terminated on 15 July 2024. The key terms of the agreement were as follows:

Commencement:	16 October 2023
Term:	From Commencement Date until terminated in accordance with the provisions for termination.
Termination And Notice:	Within 6 months of appointment, the Company may terminate this agreement with no notice period required and after six (6) months, by giving not less than six (6) months' notice. The Executive may terminate this agreement by giving not less than two (2) months' notice.
Fixed Remuneration:	C$420,000 per annum.
Short Term Incentive:	Short-term incentive of up to 70% of the Base Salary at the Board's absolute discretion.
Long Term Incentives:	Long-term incentive of up to 100% of the Base Salary, awarded annually, at the Board's absolute discretion.
Incentive Securities: (as at Commencement Date)	Issue of 60,000,000 options in the Company with an exercise price of A$0.0085 and an expiry date 4 years less 1 day from the date of issue. Options vest 1/3 at a time annually over the first 3 years (12, 24 and 36 months after award), subject to continued employment. These options lapsed on termination in July 2024.

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.

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.

	2025[1]	**2024[2]**	**2023[2]**	**2022[2]**	**2021[2]**
Net profit/(loss) ($)	**(3,310,246)**	2,371596	(51,834,821)	(5,392,199)	(4,745,906)
Share price at year end (cents) [1]	10	10	45	195	240
Earnings/(loss) per share (cents)[1]	**(2.81)**	(4.42)	(50.14)	(0.06)	(8.00)

Notes:
1. Share price for 2025 represents post-consolidation share price and loss per share. Shareholders approved a share 1 for 50 share consolidation on 22 June 2025 which was effected on 9 July 2025
2. Historical share price and loss per share has been restated to show amounts on a post-consolidation basis.

Details of remuneration

The Key Management Personnel of the Group are the Directors and the former 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 $	Post-employment Superannuation $	Termination $	Share-based payments Options[1] $	Total $	Performance related $
Directors of Vital Metals Limited							
Non-Executive Directors							
Richard Crookes (Chairman)							
2025	**92,500**	**-**	**-**	**-**	**-**	**92,500**	**-**
2024	100,000	-	-	-	-	100,000	-
Michael Brook (Non-Executive Director)							
2025	**56,050**	**-**	**6,446**	**-**	**-**	**62,496**	**-**
2024	10,511	-	1,156	-	-	11,667	-
Zane Lewis (Non-Executive Director) (appointed 12 August 2024)							
2025	**64,175**	**-**	**-**	**-**	**-**	**64,175**	**-**
2024	-	-	-	-	-	-	-
Paul Quirk (Non-Executive Director resigned 12 August 2024)							
2025	**8,134**	**-**	**-**	**-**	**-**	**8,134**	**-**
2024	69,997	-	-	-	-	69,997	-
James Henderson (Non-Executive Director)							
2025	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2024	59,839	-	-	-	-	59,839	-
Executive Directors							
Lisa Riley (Managing Director from 15 July 2025, previously Non-Executive Director)							
2025	**454,100**	**-**	**12,679**	**-**	**123,911**	**590,690**	**19,854**
2024	229,796[1]	-	-	-	-	229,796	-
Geordie Mark (Managing Director and CEO) (appointed 16 October 2024)							
2025	**17,867**	**-**	**-**	**259,602**	**-**	**277,470**	**-**
2024	**336,504**	-	-	-	-	**336,504**	-
Total compensation							
2025	**628,151**	**-**	**19,125**	**259,602**	**123,911**	**1,031,289**	**19,854**
2024	806,647	-	1,156	-	116,080	807,803	-

1. Includes personal exertion fees of $149,796 as Non-Executive Director

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.

Options issued to Key Management Personnel during the year are as follows.

	Grant Date	Exercise Price	Number Granted	Number Vested	Expiry Date	Volatility	Fair Value per security at grant date (cents)	Exercised Number
Options								
2025 Financial Year								
Lisa Riley[1, 2,3]	29/11/2024	$0.225	1,200,000	-	15/09/2029	85%	5.36	-
Lisa Riley [1,2,4]	29/11/2024	$0.2175	1,200,000	1,200,000	15/09/2029	85%	5.54	-
Lisa Riley [1,2,5]	29/11/2024	$0.00	924,000	-	15/09/2027	85%	10.00	-
2024 Financial Year								
Geordie Mark[6]	16/10/2023	$0.425	1,200,000	-	20/12/2027	80%	0.00	-

Notes:

1. Information reflects post-share consolidation position, the Company received shareholder approval for a 1 for 50 share consolidation on 22 June 2025.
2. These securities issued to Lisa Riley were granted on 21 November 2024; however they were not issued until 15 September 2025. They have been accounted for as if they were issued on the grant date, even through they were only issued after the end of the financial year.
3. These are sign-on options where shareholder approval was granted on 21 November 2024, and which have a vesting period of 12 months from date of award.
4. These are incentive options where shareholder approval was granted on 21 November 2024, and which vest on issue.
5. These are performance rights that convert into ordinary shares, subject to continuous service and Performance Milestone being achieved within 2 years of the date of issue. Performance Milestone is completion of a positive Pre-Feasibility Study on the Tardiff Deposit at the Company's Nechalacho Rare Earths Project within 2 years from the date of issue of the Performance Rights ('positive' meaning that PFS concludes that the Project has a positive Net Present Value). The performance rights vest on a change of control.
6. These options lapsed due to the termination of employment.

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

Note details in this section are stated as post-share consolidation values and comparatives have been re-stated accordingly. The Company received shareholder approval for a 1 for 50 share consolidation on 22 June 2025.

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.

2025	Balance at start of the year	Acquired during the year	Disposed of during the year	Balance at end of the year *
Directors of Vital Metals Limited **Ordinary shares**				
Richard Crookes	248,515	180,000	-	428,515
Lisa Riley	-	-	-	-
Michael Brook	16,666	33,333	-	49,999
Zane Lewis	500,600	-	-	500,600
Paul Quirk	-	-	-	-
Geordie Mark	300,000	-	-	300,000
	1,065,781	213,333	-	1,279,114
Other Key Management Personnel				
N/A				
	1,065,781	213,333	-	1,279,114

** Where a director was appointed or resigned during the year, as at date of appointment or ceasing to be a Director as the context applies.*

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:

2025	Balance at start of the year*	Granted as compensation	Exercised	Expiry	Lapsed	Balance at end of the year *	Vested and exercisable
Directors of Vital Metals Limited **Options**							
Richard Crookes	-	-	-	-	-	-	-
Lisa Riley**	-	3,324,000	-	-	-	3,324,000	1,200,000
Michael Brook	-	-	-	-	-	-	-
Zane Lewis	-	-	-	-	-	-	-
Paul Quirk	-	-	-	-	-	-	-
Geordie Mark	1,200,000	-	-	-	(1,200,000)		-
	1,200,000	3,324,000	-	-	(1,200,000)	3,324,000	1,200,000
Other Key Management Personnel							
Options							
N/A							
Total	1,200,000	3,324,000	-	-	(1,200,000)	3,324,000	1,200,000

** Where a director was appointed or resigned during the year, as at date of appointment or ceasing to be a Director as the context applies.*
*** These securities issued to Lisa Riley were granted on 21 November 2024; however they were not issued until 15 September 2025. They have been accounted for as if they were issued on the grant date, even though they were only issued after the end of the financial year.*

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year (2024: 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.

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 2024 Annual General Meeting ('AGM')

At the 2024 AGM, 96.32% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of Audited Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

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

R.A. Crookes

Richard Crookes
Chairman
Sydney: 29 September 2025

VITAL METALS LIMITED
ABN 32 112 032 596
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VITAL METALS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Vital Metals Limited. As the lead audit partner for the audit of the financial report of Vital Metals Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 29 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	Restated* 2024 $
Continuing operations			
Ore sales		854,551	2,654,672
Less cost of goods sold		(504,840)	(1,831,241)
Gross profit		**349,711**	**823,431**
Other income	1.1	739,835	1,316,352
Total Income		**1,089,546**	**2,139,783**
Exploration and evaluation expenditure	3.3	(646,506)	-
Administration expenses	1.1	(2,214,471)	(3,575,981)
Depreciation		(647,043)	(774,024)
Share-based payments expense	8.1	(250,133)	(407,759)
Impairment of inventories		-	(1,501,092)
Asset write-off	3.1	(34,694)	(26,717)
Legal settlement		(375,000)	-
Total expenses		**(4,167,847)**	**(6,285,573)**
Loss from continuing operations before income tax and finance cost		**(3,078,301)**	**(4,145,790)**
Finance income		46,324	51,480
Finance and loan expenses		(278,269)	(881,686)
Net finance loss		(231,945)	(830,206)
Loss before income tax		**(3,310,246)**	**(4,975,996)**
Income tax expense	1.2	-	-
Loss from continuing operations		**(3,310,246)**	**(4,975,996)**
Discontinued operations			
Profit after tax from discontinued operations	6.2	-	7,347,592
(Loss) profit for the year		**(3,310,246)**	**2,371,596**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		1,174,032	(2,830,804)
Other comprehensive income for the year, net of income tax		1,174,032	(2,830,804)
Total comprehensive income for the year		**(2,136,214)**	**(459,208)**

* Refer to Note 8.6 for details.

	Note	2025 $	Restated* 2024 $
Earnings per share			
From continuing and discontinued operations:			
– Basic earnings (loss) per share **	1.3	(2.81) cents	2.11 cents
– Diluted earnings (loss) per share **	1.3	(2.81) cents	1.87 cents
From continuing operations:			
– Basic earnings (loss) per share **	1.3	(2.81) cents	(4.42) cents
– Diluted earnings (loss) per share **	1.3	(2.81) cents	(4.42) cents
From discontinued operations:			
– Basic earnings (loss) per share **	1.3	Nil cents	6.53 cents
– Diluted earnings (loss) per share **	1.3	Nil cents	5.81 cents

*** Note earnings per share information based on post-consolidation number of shares and comparative has also been restated to reflect a post-consolidation position. Shareholders approved a 1 for 50 share consolidation on 22 June 2025 and this was effected on 9 July 2025*

* Refer to Note 8.6 for details.

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 2025

	Note	2025 $	Restated* 2024 $
CURRENT ASSETS			
Cash and cash equivalents	2.1	328,691	2,682,271
Trade and other receivables	2.2	337,788	603,091
Inventories	3.5	-	460,149
TOTAL CURRENT ASSETS		666,479	3,745,511
NON-CURRENT ASSETS			
Receivables	2.2	876,409	850,326
Property, plant and equipment	3.1	2,940,151	3,312,378
Right of use assets	3.2	42,180	225,001
Exploration and evaluation expenditure	3.3	23,848,784	21,963,673
Mine under development	3.4	31,029,984	30,420,873
TOTAL NON-CURRENT ASSETS		58,737,508	56,772,251
TOTAL ASSETS		59,403,987	60,517,762
CURRENT LIABILITIES			
Trade and other payables	2.3	318,980	629,862
Refundable deposit		3,875	45,000
Government loans	3.6	31,247	24,315
Financial liabilities	3.8	1,020,854	-
Lease liabilities	3.9	48,151	304,782
Provisions		57,862	75,119
Deferred grant liabilities	3.7	57,541	56,419
TOTAL CURRENT LIABILITIES		1,538,510	1,135,497
NON-CURRENT LIABILITIES			
Government loans	3.6	679,057	731,012
Lease liabilities	3.9	-	4,150
Provisions		874,447	857,390
Deferred grant Liabilities	3.7	388,405	437,247
TOTAL NON-CURRENT LIABILITIES		1,941,909	2029,799
TOTAL LIABILITIES		3,480,419	3,165,296
NET ASSETS		**55,923,568**	**57,352,466**
EQUITY			
Contributed equity	4.1	154,661,305	154,661,305
Reserves	4.2	11,277,940	9,396,592
Accumulated losses		(110,015,677)	(106,705,431)
TOTAL EQUITY		**55,923,568**	**57,352,466**

* Refer to Note 8.6 for details.

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

	Contributed Equity $	Share-based Payment Reserve $	Convertible Loan Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2024	**154,661,305**	**9,829,292**	**-**	**(432,700)**	**(106,705,431)**	**57,352,466**
Loss for year	-	-	-	-	(3,310,246)	(3,310,246)
Other comprehensive income	-	-	-	1,174,032	-	1,174,032
Total comprehensive income for the year	**-**	**-**	**-**	**1,174,032**	**(3,310,246)**	**(2,136,214)**
Transactions with owners in their capacity of owners:						
Options issued pursuant to convertible loans	-	151,732	-	-	-	151,732
Equity conversion feature pursuant to convertible loans	-	-	305,451	-	-	305,451
Share-based payments expense	-	250,133	-	-	-	250,133
Balance at 30 June 2025	**154,661,305**	**10,231,157**	**305,451**	**741,332**	**(110,015,677)**	**55,923,568**

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

	Contributed Equity $	Share-based Payment Reserve $	Convertible Loan Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2023	150,394,157	7,834,909	**-**	2,427,458	(108,301,306)	52,355,218
Adjustment to prior period (refer to Note 8.6)	-	-	-	-	(775,721)	(775,721)
Balance at 1 July 2023, restated	**-**	**-**	**-**	**-**	**(109,077,027)**	**51,550,143**
Profit for year	-	-	-	-	2,371,596	2,371,596
Other comprehensive income	-	-	-	(2, 830,804)	-	(2,830,804)
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**(2, 830,804)**	**2,371,596**	**(459,208)**
Transactions with owners in their capacity of owners:						
Contributions of equity, (net of transaction costs, excluding share-based payments)	5,342,888	-	-	-	-	5,342,888
Share-based payments included in contributions of equity	(1,075,740)	1,075,740	-	-	-	-
Share-based payments expense	**-**	918,643	-	-	-	918,643
Balance at 30 June 2024	**154,661,305**	**9,829,292**	**-**	**(432,700)**	**(106,705,431)**	**57,352,466**

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

	Note	2025 $	2024 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,159,602	2,661,139
Distribution from Liquidator of VMCL		387,127	1,086,214
Payments to suppliers and employees		(2,786,663)	(3,556,669)
Payments for inventories		(48,928)	(546,369)
Government incentive received		112,819	-
Interest received		46,324	52,236
Interest paid		(19,273)	(269,832)
Net cash outflow in operating activities	2.1	**(1,148,992)**	**(573,281)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(2,075,593)	(2,948,045)
Payments for mine under development		(3,849)	(316,434)
Payments for property, plant and equipment		-	(625,202)
Cash from discontinued operations		-	(366,153)
Payments for refundable deposit		-	(5,000)
Proceeds from disposal of non-current assets		-	212,609
Net cash outflow in investing activities		**(2,079,442)**	**(4,048,225)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		-	5,889,172
Proceeds from borrowings/convertible loans		1,300,000	2,000,000
Repayment of borrowings		(141,007)	(2,132,168)
Cost of share capital issued		-	(546,284)
Debt transaction costs		-	(60,000)
Repayment of lease liabilities		(323,065)	(329,448)
Net cash from financing activities		**835,928**	**4,821,272**
Net increase/(decrease) in cash held		**(2,392,506)**	**199,766**
Cash at beginning of the year		2,682,271	2,791,857
Foreign exchange variances on cash		38,926	(109,586)
Cash at the end of the year	2.1	**328,691**	**2,682,271**
Cash outflows from discontinued operations	6.2	**-**	**(623,629)**

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 **Consolidated Group, Company, or Group**). 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 29 September 2025. 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 2024.

(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 2025 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 2025 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.

Going concern

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Group recorded a loss from continuing operation of $3,310,246 for the 30 June 2025 financial year (30 June 2024: $4,975,996) and has a cash balance of $328,691 (30 June 2024: $2,682,271), a net working capital deficit of $872,031 (30 June 2024: working capital surplus of $2,610,014), net cash outflows from operating activities of $1,148,992 (30 June 2024: $573,281) and net cash outflow from investing activities of $2,079,442 (30 June 2024: $4,048,225).

These conditions indicate a material uncertainty which may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to meet its planned activities, including continuing to progress its exploration and development activities to a commercial-ready stage, and recommencing mining activities is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders to continue to fund its operational and investing activities.

The directors have reviewed the cash flow forecast for the next 12 months from the date of signing this financial report and assessed that there are reasonable grounds to believe the Group will be able to continue as a going concern given the $6.8 million strategic investment announced on 25 August 2025, together with up to an additional placement of $2 million to existing shareholders. If further funding is required the Board expects that additional funds can be sourced via the issue of equity securities to either existing or new shareholders.

In the event of further funds not being raised, the Group's activities would be wound back to a sustainable level.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts which differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities which might be necessary should the entity not continue as a going concern.

The Directors are confident that a funding source is to be found and are currently in discussion with a number of parties. As a result, the financial report has been prepared on a going concern basis.

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.

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

Key estimates and judgements are discussed in the following notes:

Property, plant and equipment	(Note 3.1)
Deferred exploration and evaluation expenditure	(Note 3.3)
Mine under development	(Note 3.4)
Contingencies	(Note 7.2)
Share based payments	(Note 8.1)

Other

Where applicable, comparative or historical information has been restated to reflect:
1. Changes to classifications
2. Prior period adjustments (refer Note 8.6)
3. Restatement of number of shares or per share information on a post-consolidation basis – the Company's shareholders approved a 1 for 50 share consolidation on 22 June 2025 and this was effected on 9 July 2025.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL PERFORMANCE

1.1. INCOME AND EXPENSES

	2025 $	2024 $
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:		
Distribution from Liquidator of VMCL (Note 6.2)	387,127	1,086,214
Government incentives	170,360	57,970
Sundry income	182,348	172,168
Total other income	**739,835**	**1,316,352**
Administration expenses		
Professional fees	414,533	1,106,472
Corporate compliance	339,831	491,832
Personnel expenses	987,731	980,764
Other administration expense	472,376	996,913
Total administration expenses	**2,214,471**	**3,575,981**
Personnel expenses		
Wages and salaries	976,470	927,974
Annual leave	2,088	(1,187)
Superannuation	9,173	13,651
Recruitment costs	-	40,326
Total personnel expenses	**987,731**	**980,764**

The assets and liabilities (Balance Sheet) of Nechalacho Resources Corp, a foreign operation, are translated to the functional currency (AUD) at exchange rates at the reporting date. The income and expenses (reflected in the Statement of Profit or Loss and Other Comprehensive Income) of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions (an average exchange rate for the year is used).

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity (Refer Reserves Note 4.2).

1.2. INCOME TAX

	2025 $	2024 $
(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	-	-
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	(3,310,246)	(4,795,996)
Prima facie tax benefit at the Australian tax rate of 30% (2024: 30%)	(993,074)	(1,492,799)
Add tax effect of:		
Non-deductible items	782,785	779,240
Timing differences and tax losses not recognised	(101,628)	365,323
Differences in tax rate of subsidiaries operating in other jurisdictions	311,917	348,236
Income tax expense	-	-
(b) Deferred income tax:		
Statement of Financial Position		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities	-	-
	-	-
Deferred tax assets		
Tax value of losses carried forward	(27,855,332)	(27,457,072)
Accrued expenses	(7,198)	6,343
Asset impairments	-	243,267
Employee benefits	(60)	(27,889)
Exploration and Development Expenditure	(623,833)	(449,600)
Other prepayments/capital expenditure	631,091	(230,398)
Non-recognition of deferred tax assets	27,855,332	26,998,795
	-	-

1.2 INCOME TAX (CONT.)

(c) Tax losses

At 30 June 2025, the Consolidated Entity has $92,851,107 (2024: $89,995,984) 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 and equivalents in other taxable Jurisdictions.

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.

	2025	**2024**
Unrecognised deferred tax assets	**$**	**$**
Tax losses (at 30%)	27,855,332	26,998,795

(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

For the year ending 30 June 2025, Vital Metals Ltd is therefore subject to the corporate tax rate of 30% (2024: 30%).

1.2 INCOME TAX (CONT.)

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. EARNINGS PER SHARE

	2025* Cents	2024 Cents
Earnings (loss) per share from continuing and discontinued operations for the year	(2.81)	2.11
Diluted earnings (loss) per share from continuing and discontinued operations for the year	(2.81)	1.87
Loss per share from continuing operations for the year	(2.81)	(4.42)
Diluted loss per share from continuing operations for the year	(2.81)	(4.42)
The following reflects the loss and share data used in the calculations of basic loss per share and diluted loss per share:		
Net profit (loss) from continuing and discontinued operations	(3,310,246)	2,371,596
Net profit/(loss) from continuing operations	(3,310,246)	(4,975,996)
Weighted average number of shares outstanding:		
Weighted average number of ordinary shares used in calculating basic earnings (loss) per share	117,899,268	112,542,542
Weighted average number of ordinary shares used in calculating diluted earnings (loss) per share	130,447,563	126,536,838

** Note earnings per share information based on post-consolidation number of shares and comparative has also been restated to reflect a post-consolidation position. Shareholders approved a 1 for 50 share consolidation on 22 June 2025 and this was effected on 9 July2025*

Classification of securities

Diluted earnings/(loss) per share is calculated after classifying all options on issue and all ownership-based remuneration scheme shares remaining uncovered at 30 June 2025 that are dilutive as potential ordinary shares. As at 30 June 2025, the company has on issue a total of 11,600,000 options over unissued capital. Diluted earnings/(loss) per share has been calculated excluding the dilutionary effect of the options where the group results reflect a loss for the year as the impact would be to reduce the loss per share.

1.3 EARNINGS PER SHARE (Cont.)

Accounting Policy

Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense 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 operations are in one reportable segment being mineral exploration and development in one geographical segment, being Canada.

	Canada (exploration and mine under development)		Total segments from continuing operations		Canada (Processing) (discontinued operations)	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	$	$	$	$	$	$
Segment income	1,594,386	3,971,024	1,594,386	3,971,024	-	-
Interest revenue	46,324	51,480	46,324	51,480	-	756
Total income	**1,640,710**	**3,964,534**	**1,640,710**	3,964,534	**-**	**756**
Segment profit/ (loss)	(3,310,246)	(4,975,996)	(3,310,246)	(4,975,996)	-	7,347,592
Net profit/ (loss) before tax	**(3,310,246)**	**(4,975,996)**	**(3,310,246)**	**(4,975,996)**	**-**	**7,347,592**

	Canada (exploration and mine under development)		Total segments from continuing operations		Canada (Processing) (discontinued operations)	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
	$	$	$	$	$	$
Segment assets	59,403,987	60,517,762	59,403,987	60,517,762	-	-
Segment liabilities	3,480,419	3,165,296	3,480,419	3,165,296	-	-

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 one material reportable segment being activities undertaken in Canada. this segment include the activities associated with the determination and assessment of the existence of commercially economic reserves, from the Group's mineral assets in this geographic location.

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.

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2. WORKING CAPITAL

2.1. CASH AND CASH EQUIVALENTS

	2025 $	2024 $
Cash at bank	328,691	2,682,271
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**328,691**	**2,682,271**
Cash at bank and short-term bank deposits AAA rating	328,691	2,682,271
Reconciliation of loss after income tax to net cash flows from operating activities:		
Profit (loss) after income tax	(3,310,246)	2,371,596
Non-cash flows from continuing operations:		
Depreciation	647,043	898,189
Amortisation of loan interest - CaNNor Loan	80,957	78,553
Share based payments	250,133	918,642
Impairment of assets in Saskatoon	-	(1,185,191)
Impairment of inventories	-	1,501,092
Other asset write-off	34,694	26,717
Exploration expenditure written off	646,506	-
Movement in provision for diminution of investments	-	10
Movement in provision for doubtful debts	-	39,247,860
Gain on deconsolidation	-	(46,597,275)
Foreign exchange movements	24,440	(1,179)
Other Adjustments		
Loss on sale of non-current assets	-	853,175
Debt Financing Costs recorded as Financing activity	178,039	58,000
Changes in assets and liabilities:		
Decrease / (increase) in receivables	239,220	(82,013)
Decrease in refundable deposits	(41,125)	-
(Decrease) / increase in payables	(310,882)	116,123
Decrease in inventories	460,149	1,276,360
(Decrease) / increase in provisions	(200)	3,650
Decrease in deferred grant liabilities	(47,720)	(57,590)
Net cash (used in) operating activities	**(1,148,992)**	**(573,281)**

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.

During the financial year, the Group reclassified amounts held on deposit to Receivables (refer note 2.2) as these amounts, although "at call", support bank guarantees amounts.

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

Trade and other receivables	2025 $	2024 $
Current		
Trade debtors	-	162,615
Other receivables	337,788	440,476
Total current receivables	337,788	603,091
Non-Current		
Other receivables	876,409	850,326
Total non-current receivables	876,409	850,326
Cash on deposit supporting long-term liabilities		
AAA rating	876,409	850,326

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

2.3. TRADE AND OTHER PAYABLES

	2025 $	2024 $
Current		
Trade creditors and other payables	160,007	424,166
Accrued expenses	158,973	205,696
	318,980	629,862

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

	2025 $	2024 $
Software:		
At cost	103,964	101,936
Accumulated depreciation	(87,214)	(77,301)
	16,750	24,635
Plant and Equipment:		
At cost	3,953,862	3,905,850
Accumulated Depreciation	(1,444,471)	(1,147,416)
	2,509,391	2,758,434
Motor Vehicles		
At cost	625,804	613,596
Accumulated depreciation	(330,329)	(259,725)
	295,475	353,871
Fixtures and Fittings		
At cost	295,787	322,817
Accumulated depreciation	(177,252)	(147,379)
	118,535	175,438
Total property, plant & equipment – written down value	**2,940,151**	**3,312,378**

Movements in carrying amounts

2025	Software $	Plant and Equipment $	Motor Vehicles $	Fixtures and Fittings $	Total $
Opening net book value	24,635	2,758,434	353,871	175,438	3,312,378
Additions	-	-	-	-	-
Write-offs	-	(4,497)	-	(30,197)	(34,694)
Depreciation	(8,288)	(296,172)	(64,756)	(29,281)	(398,497)
Exchange differences	403	51,626	6,360	2,575	60,964
Balance at 30 June 2025	**16,750**	**2,509,391**	**295,475**	**118,535**	**2,940,151**

3.1 PROPERTY PLANT AND EQUIPMENT (CONT.)

	Software	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Capital Works in Progress	Total
2024	**$**	**$**	**$**	**$**	**$**	**$**
Opening net book value	69,552	3,207,969	392,458	246,467	-	3,916,446
Additions			59,194	5,558	875,617	940,369
Write-offs	-	(2,338)	-	(24,379)	-	(26,717)
Disposals	-	-	-	-	(1,693,112)	(1,693,112)
Depreciation	(43,764)	(355,531)	(86,960)	(46,767)	-	(533,022)
Impairment	-	-	-	-	823,166	823,166
Exchange differences	(1,153)	(91,666)	(10,821)	(5,441)	(5,671)	(114,752)
Balance at 30 June 2024	**24,635**	**2,758,434**	**353,871**	**175,438**	**-**	**3,312,378**

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).

Where relevant, 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.

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.

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.

3.1 PROPERTY PLANT AND EQUIPMENT (CONT.)

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

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.

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 ASSETS

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**
2025	**$**	**$**
Opening net book value	225,001	225,001
Additions	62,282	62,282
Depreciation expense	(248,546)	(248,546)
Exchange differences	3,443	3,443
Balance at 30 June 2025	**42,180**	**42,180**
2024	**$**	**$**
Opening net book value	360,612	360,612
Depreciation expense	(248,388)	(248,388)
Deconsolidation of VMCL	71,254	71,254
Exchange differences	41,523	41,523
Balance at 30 June 2024	**225,001**	**225,001**

3.2 RIGHT OF USE ASSETS (CONT.)

Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2025 $	2024 $
Depreciation charge		
Land and buildings – right of use assets	248,546	248,388
Property, plant and equipment	398,497	525,636
Total depreciation	**647,043**	**774,024**

Interest expense (included in finance expenses) in relation to leased assets for the year ended 30 June 2025 was $9,769 (2024:$20,305)

3.3. EXPLORATION AND EVALUATION EXPENDITURE

	2025 $	2024 $
Costs carried forward in respect of areas of interest in the exploration and evaluation phases:		
Opening net book amount	21,963,673	19,635,566
Exploration expenditure	2,075,593	2,949,997
Exploration expenditure – written off (Wigu Hill)	(646,506)	-
Exchange differences	456,024	(621,890)
Closing net book amount	23,848,784	21,963,673
The closing balances relate to the following areas of interest:		
Nechalacho Project, Canada	23,848,784	21,317,167
Tanzania (Wigu Hill)	-	646,506
	23,848,784	21,963,673

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, all no amounts have been written off in respect of the Nechalacho Project.

Exploration expenditure of $646,506 (2024: $Nil) on the Wigu Hill Project relating to previously capitalised amounts were written off and recognised in the Statement of Profit or Loss, as this project currently does not possess the rights to tenure.

3.3 EXPLORATION AND EVALUATION EXPENDITURE (CONT.)

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.

At each reporting date the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets.

3.4. MINE UNDER DEVELOPMENT

Mine under Development	2025 $	2024 $
Balance at the start of the year	30,420,873	31,407,129
Additions	3,849	64,907
Rehabilitation provision	-	
Exchange differences	605,262	(1,051,163)
Balance at the end of the year	**31,029,984**	**30,420,873**

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.

Significant judgements and estimates

<u>Production start date</u>

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.

3.4 MINE UNDER DEVELOPMENT (CONT.)

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 2025, 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 North T CGU

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.

Impairment assessment of North T cash generating unit
The North T area of interest is determined to be a separate cash generating unit ('CGU') to the Tardiff area of interest within the Nechalacho Project. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchases or similar transactions are taking place.

As impairment indicators existed at 30 June 2025, including the fact that mining operations had been paused, the value in use for the CGU has been estimated based on discounted future estimated cash flows (expressed in nominal terms) expected to be generated from the continued use of the CGU. Production and cost assumptions were derived from estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. These cashflows were discounted using a nominal pre-tax discount rate that reflects the weighted average cost of capital of the Group. Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are generated as part of the Group's planning process.

This assessment is in accordance with the relevant accounting standards, taking into consideration current plans and the current outlook for commodity pricing and other macroeconomic cost assumptions.

Based on this assessment, no impairment was recognised in relation to the North T assets.

Key assumptions
The table below summarises the key assumptions used in the 30 June 2025 year end carrying value assessment:

	North T
NdPr price (75% achievement of the NdPr price used)	USD 88,000/t
Foreign exchange rate (AUD:CAD)	0.8947
Foreign exchange rate (AUD:USD)	0.6550
Discount rate- pre tax	16.5%

3.4 MINE UNDER DEVELOPMENT (CONT.)

NdPr
NdPr price assumption is determined based on market price comparisons. As noted above, 75% of this price was applied.

Foreign exchange rates
Based on spot prices at the Reporting Date.

Discount rate
In determining the fair value of the CGU, the future real cash flows are discounted using the Group's target nominal pre-tax weighted average cost of capital, with adjustments made to reflect specific risks associated with the CGU. 16.5% has been used for the North T CGU. This is considered high relative to similar projects where pre-tax discount rates in the range of 8% to 10% are currently being used. The discount rate was not amended as it did not have an impact on impairment.

Operating costs
Life of mine operating cost assumption is based on relevant historic data and life of mine plans.

Sensitivity
As disclosed above, the directors have made judgements and estimates in respect of impairment testing of the North T CGU. Should these judgements and estimates not occur, the NPV of the CGU may decrease. The commodity price assumption used would need to decrease by 24% in order for there to be an impairment recognised in the North T CGU.

The Directors believe that other reasonable changes in the key assumptions on which the recoverable amount of the CGU is based would not cause this CGU's carrying amount to exceed its recoverable amount.

3.5. INVENTORIES

	2025	2024
Current	**$**	**$**
Ore - at cost	-	460,149
Balance at the end of the year	-	460,149
Non-current	**$**	**$**
Ore - at cost	1,370,206	1,343,478
Consumables	120,689	120,689
Impairment	(1,521,899)	(1,501,092)
Exchange differences	31,004	36,925
Balance at the end of the year	-	-

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.

3.5 INVENTORIES (CONT.)

In 2022, 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.

As part of the mining operations, some ore was processed and bagged and this was sold during the 2024 calendar year. Ore that was not processed is held in stockpiles at the Nechalacho project site.

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 project site 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 drawdowns for processing will occur. These estimates and judgements are based on current forecasts and ramp-up schedules. The Group retain ownership of the inventory as it is held by Nechalacho Resources Corporation.

The Company has fully provided for the value of the ore stock pile and other inventory as at balance date, however the Company does expect to recover value in due course as mining and processing activities are undertaken in the future.

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

At the end of the report period, the Group had a $1,410,059 (C$1,261,579) (2024: $1,382,552 (C$1,261,579) Government unsecured loan with Canadian Northern Economic Development Agency (CanNor) fully drawn down, with terms as follows:

- Maturity date: 1 January 2033
- Interest on loan: 0%
- Repayment terms: agreed repayment schedule, over 10 years, commencing 1 April 2023. As at balance date $352,520 (C$315,400) in repayments had been made.

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. The notional interest will be unwound over the loan period.

During the financial year there was a reassessment of the accounting treatment of the Government Loan and the fair value adjustment initially accounted for as Interest Income at the commencement of the loan has been amended and restated as deferred grant liabilities (refer notes 3.7 and 8.6).

	2025 $	2024 $
Government loans		
Current	31,247	24,315
Non-current	679,057	731,012
	710,304	755,327

3.7. DEFERRED GRANT LIABILITIES

The deferred grant liabilities will be recognised as government incentives over the loan period.

	2025 $	2024 $
Current	57,541	56,419
Non-current	388,405	437,247
	445,946	493,666

3.8. FINANCIAL LIABILITIES

	2025 $	2024 $
Short term loan	300,000	-
Convertible loan	720,854	-
	1,020,854	**308,932**

In June 2025 the Company received a short term loan of $300,000. The loan was interest free; however, the Lender was granted 880,000 options with an exercise price of $0.05 and an expiry date of 4 January 2027 in lieu of interest payments (refer Note 8.1). This loan was repaid in full in September 2025.

In March 2025, the Company reached agreement for the issue of a $1,000,000 convertible loan. This loan has a term of 12 months and an interest rate of 12% p.a. The loan and any interest may be converted into shares in the Company at an issue price of $0.10 per share. As part of the loan, the Company issued 5,600,000 options with an expiry date 11 October 2026 and an exercise price of $0.20 to the lender (refer Note 8.1).

Accounting Policy
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Where borrowings contain a conversion option and the number of shares to be issued is fixed the amount of borrowing is initially recognised at fair value of a similar liability that does not have an equity conversion option. The equity conversion feature is the residual. Subsequently the borrowing is measured at amortised cost using the effective interest method and the equity portion is not remeasured.

3.9. LEASE LIABILITIES

	2025 $	2024 $
Current	48,151	304,782
Non-current	-	4,150
	48,151	308,932

Leases of property where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as financial liabilities. Property leases are recognised at inception at the fair value of the leased property, or if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in financial liabilities.

The corresponding right of use asset is described in Note 3.2.

4. CAPITAL STRUCTURE AND FINANCING ACTIVITIES

4.1. CONTRIBUTED EQUITY

	2025 $	2024 $
(a) Issued and paid-up capital		
Fully paid ordinary shares	154,661,305	154,661,305

(b) Movements in shares on issue	2025 Number of shares*	2024 Number of shares*	2025 $	2024 $
Beginning of the year	117,899,268	106,120,924	154,661,305	150,394,157
Issued during the year:				
Issue of shares from capital raisings	-	11,778,344	-	5,889,172
	117,899,268	117,899,268	154,661,305	156,283,329
Transaction costs on capital raisings	-	-	-	(1,622,024)
End of the year	117,899,268	117,899,268	154,661,305	154,661,305

(c) Movements in options on issue	Number of options* 2025	Number of options* 2024
Beginning of the financial year	15,910,000	8,710,000
Granted during the year:		
– Options exercisable at 75 cents and expiring 10 December 2027	4,000,000	-
– Options exercisable at 20 cents and expiring 11 October 2026	5,600,000	-
– Exercisable at 75 cents and expiring 10 December 2027	-	4,000,000
– Exercisable at 42.5 cents and expiring 20 December 2027	-	1,200,000
– Exercisable at 42.5 cents and expiring 11 January 2028	-	1,200,000
– Exercisable at 75 cents and expiring 11 January 2028	-	800,000
Expired/cancelled during the year:		
– Options expired during the year	(12,710,000)	-
– Options lapsed during the year	(1,200,000)	-
End of the financial year	**11,600,000**	**15,910,000**
Total Exercisable at the end of the Financial Year	11,000,000	12,310,000
Un-exercisable at the end of the Financial Year (subject to vesting conditions)	600,000	3,600,000
	11,600,000	15,910,000

** Note: the number of shares are disclosed on a post-consolidation basis. Shareholders approved the consolidation of the Company's shares on the basis of 1 new share for every 50 shares in June 2025*

4.1 CONTRIBUTED EQUITY (CONT.)

In addition to the above, the following options and performance rights were granted during the financial year, but issued after the end of the financial year (refer Note 7.3):

– Options exercisable at 5 cents and expiring 4 Jan 2027	880,000	-
– Options exercisable at 22.5 cents and expiring 15 Sep 2029	1,200,000	-
– Options exercisable at 21.75 cents and expiring 15 Sep 2029	1,200,000	-
– Performance rights expiring 15 Sep 2027	924,000	-
Total granted during the financial year, but issued after the end of the financial year	4,204,000	-

** Note: the number of options and option exercise prices are disclosed on a post-consolidation basis. Shareholders approved the consolidation of the Company's shares on the basis of 1 new share for every 50 shares in June 2025.*

(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 placements and convertible loans) 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 2025 is shown below:

	2025 $	2024 $
Current assets	666,479	3,745,511
Current liabilities	(1,538,510)	(1,135,497)
Working capital	(872,031)	2,610,014

Included in current liabilities at 30 June 2025 is $720,854 (2024: $Nil) relating to a convertible loan which is expected to be converted into equity rather than payable from cash reserves.

Subsequent to the end of the financial year, the Company announced a two-tranche strategic investment totalling $6.8 million to provide further working capital to the Company. Refer Note 7.3.

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

	2025 **$**	**2024** **$**
Share based payment reserve		
Opening balance	9,829,292	7,834,909
Movement for the year	401,865	1,994,383
Closing balance	10,231,157	9,829,292
Convertible loan reserve		
Opening balance	-	-
Movement for the year	305,451	-
Closing balance	305,451	-
Foreign currency translation reserve		
Opening balance	(432,700)	2,398,104
Movement for the year	1,174,032	(2,830,804)
Closing balance	741,332	(432,700)
Total Reserves	**11,277,940**	**9,396,592**

(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) Convertible loan reserve
The convertible loan reserve is used to recognise interest on loans that is convertible to a fixed number of shares in the company

(iii) 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.

4.2 RESERVES (CONT.)

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.

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 $328,691 (2024: $2,682,271) and other receivables total $876,409 (2024: $nil) 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.

The Group is exposed to fluctuations in foreign exchange rates of the Canadian Dollar in respect of its operations in Canada. The group maintains required working capital in Canada and transfers additional 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.

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

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:

2025	Weighted Average Effective Interest Rate 2025	Variable Interest Rate 2025 $	Fixed Interest Rate Maturing Within 1 Year 2025 $	Fixed Interest Rate Maturing 1-5 Years 2025 $	Non-Interest Bearing 2025 $	Total 2025 $
Financial assets:						
Cash at bank	0.7%	328,691	-	-	-	328,691
Trade and other receivables	3.0%	-	876,409	-	337,788	1,214,197
Total financial assets		**328,691**	**876,409**	**-**	**337,788**	**1,542,888**
Financial liabilities:						
Trade and other payables	-	-	-	-	318,980	318,980
Government loans	-	-	-	-	710,304	710,304
Financial and lease liabilities	12%	-	720,854	-	348,151	1,069,005
Total financial liabilities		**-**	**720,854**	**-**	**1,377,435**	**2,098,289**

2024	Weighted Average Effective Interest Rate 2024	Variable Interest Rate 2024 $	Fixed Interest Rate Maturing Within 1 Year 2024 $	Fixed Interest Rate Maturing 1-5 Years 2024 $	Non-Interest Bearing 2024 $	Total 2024 $
Financial assets:						
Cash at bank	1.2%	2,682,271	-	-	-	2,682,271
Trade and other receivables	-	-	850,326	-	603,091	1,453,417
Total financial assets		**2,682,271**	**850,326**	**-**	**603,091**	**4,135,688**
Financial liabilities:						
Trade and other payables	-	-	-	-	629,862	629,862
Government loans	-	-	-	-	755,327	755,327
Financial and lease liabilities	-	-	-	-	308,932	308,932
Total financial liabilities		**-**	**-**	**-**	**1,694,121**	**1,694,121**

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

At 30 June 2025, 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 $822 higher/lower (2024: -/+ 25 basis points, $8,831 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:

	2025 $	2024 $
Financial assets	328,691	2,682,271
0.25% (2024- 0.25%) increase	822	8,831
0.25% (2024- 0.25%) decrease	(822)	(8,831)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group has limited access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors 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 comprise trade and other payables, government loans and lease liabilities as disclosed in the statement of financial position. All trade and other payables are due within 12 months of the reporting date. Government Loans and finance leases are due and payable over the life of the contracted term.

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

Group: at 30 June 2025	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	318,980	-	-	-	-	318,980	318,980
Government loans	31,540	63,080	126,160	378,480	346,919	946,179	710,304
Leases liabilities	358,701	1,000,000	-	-	-	1,358,701	1,069,005
Financial liabilities	709,221	1,063,080	126,160	378,480	346,919	2,623,860	2,098,289

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

Group: at 30 June 2024	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	629,862	-	-	-	-	629,862	629,862
Government loans	31,540	63,080	126,160	378,480	220,807	1,072,339	755,327
Leases liabilities	152,391	152,391	4,150	-	-	308,932	308,932
Financial liabilities	813,793	215,471	130,310	378,480	220,807	2,011,133	1,694,121

(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 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 Chief 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 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 denominated monetary assets and liabilities as at the reporting date are as follows:

	Assets		Liabilities	
	2025 AUD	2024 AUD	2025 AUD	2024 AUD
CAD	949,641	3,433,491	923,696	1,137,222

5.1 FINANCIAL RISK MANAGEMENT (CONT.)

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to CAD. 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	
	2025 AUD	**2024 AUD**
Financial Assets		
+10% Appreciation	95,470	339,110
-10% Depreciation	(119,497)	(422,584)
Financial Liabilities		
+10% Appreciation	(92,862)	(112,318)
-10% Depreciation	116,232	139,966

Forward Foreign Exchange Contracts

As at 30 June 2025 there were no outstanding forward foreign exchange contracts (2024: 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. Refer to Notes 3.6 and 3.8 for further information.

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	
		2025	**2024**
Cheetah Resources Pty Ltd	Australia	100%	100%
NWT Rare Earths Ltd	Canada	50%	50%
Nechalacho Resources Corp. (formerly Cheetah Resources Corp.)	Canada	100%	100%
Vital Metal Burkina Sarl*	Burkina Faso	-	100%
Kisaki Mining Company Limited**	United Republic of Tanzania	90%	90%

Notes:
* - This subsidiary has no assets and is dormant and is no considered part of the group
** - This subsidiary has no assets and is dormant.

6.2. DISCONTINUED OPERATIONS

Description

Vital Metals Canada Limited (VMCL) was deconsolidated from the consolidated group on 29 September 2024.

Full of the deconsolidation of VMCL is disclosed in the 2024 Annual report.

Accounting Policy

A discontinued operation is a component of consolidated entity where the operations and cashflows can clearly be distinguished from the rest of the group, and which:

- represents a separate major line of business or geographical area of operations; and
- is part of a Single co-ordinated plan to dispose of such a line of business or area of operation; or
- is a subsidiary acquired exclusively for resale; or
- is a subsidiary with separate operations where there has been a loss of control, for example by the appointment of a trustee in bankruptcy.

Classification as a discontinued operation occurs at the earlier of the date of disposal, the date the operation meets the criteria to be classified as held for resale, or the date of loss of control, in the case of the appointment of a trustee in bankruptcy.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

NOTE 6.2: DISCONTINUED OPERATIONS (CONT.)

Financial performance information

The results of the discontinued operations included in the consolidated comprehensive income statement are set out below.

	Note	Consolidated 2024 $
Other Income		756
Expenses		
Impairment of Saskatoon Plant		1,185,191
Administration Expenses		(174,839)
Depreciation		(124,165)
Other expenses		(888,766)
Total Expenses		(2,579)
Net loss to date of deconsolidation		**(1,823)**
Deconsolidation amounts		
Gain on deconsolidation	(a)	46,597,275
Provision for doubtful debts	(b)	(39,247,860)
Net gain on deconsolidation		**7,349,415**
Profit/(Loss)before income tax)		**7,347,592**
Attributable income tax expense		-
Profit/(loss) for the period from discontinued operations (attributable to owners of the company)		**7,347,592**

Notes:

(a) The gain on deconsolidation is calculated based on the net assets of VMCL at the date of deconsolidation. The total net liability position of VMCL was $46,699,337 at the date of deconsolidation. As a result of the deconsolidation, the group no longer has to repay these liabilities.

(b) As a result of the deconsolidation of VMCL, intercompany amounts owed by VMCL at the date of deconsolidation were fully provided for.

(c) During the financial year, after the deconsolidation had occurred, the Company received a total of $387,127 (C$346,913) (2024: $1,086,214 (C$986,714) from the trustee in bankruptcy of VMCL. This amount has been recorded as income in the profit and loss statement as part of Continuing Operations.

NOTE 6.2: DISCONTINUED OPERATIONS (CONT.)

Cashflow information

Ther cashflows of the discontinued operations included in the consolidated cashflow statement are set out below.

	Consolidated 2024 $
Cashflows from discontinued operations	
Net cash outflows from operating activities	(311,153)
Net cash outflows from investing activities	(312,476)
Net cash inflows from investing activities	-
Net Cash Outflows	**(623,629)**

7. UNRECOGNISED ITEMS

7.1. COMMITMENTS

	2025 $	2024 $
EXPENDITURE COMMITMENTS		
(b) Mineral tenement commitments		
- Within one year	-	-
- Later than one year but not later than five years	42,716	-
	42,716	-

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.

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 $825,861 (C$738,898). The Group holds $876,409 (C$784,122) 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.

As part of an Investor Rights Agreement entered into in October 2023 with Shenghe Resources Holding Co Ltd (Shenghe) has the right to nominate one person as a non-executive director to the Board and as at the date of this report had not exercised that right.

7.3. EVENTS OCCURING AFTER THE REPORTING PERIOD

Subsequent to balance date:

- In July 2025, the Company delivered the Tardiff Scoping Study; and
- In August 2025, the Company announced a $6.8 million two-tranche strategic placement comprising:
  - Tranche 1: $3 million by Strategic Resources LLC from the issue of 28.59 million ordinary fully paid shares at a price of $0.105 per share; and
  - Tranche 2: Subject to shareholder approval, Vital will issue a further 36.59 million shares at a price of A$0.105 per share to accredited US investors, raising a further $3.8 million

The following securities were issued subsequent to the end of the financial year:

- 880,000 options with an exercise price of $0.05 and an expiry date of 4 January 2027 to a Lender. These options were granted during the financial year and were accounted for during the financial year.
- 1,200,000 options with an exercise price of $0.225 and an expiry date of 15 September 2029, 1,200,000 options with an exercise price of $0.2175 and an expiry date of 15 September 2029 and 924,000 performance rights with an expiry date of 15 September 2027 to Lisa Riley. These securities were approved by shareholders during the financial year and have been accounted for during the financial year
- 28,594,816 ordinary fully paid shares at an issue price of $0.105 per share in accordance with the Tranche 1 Investment described above.

On 22 September 2025, the following changes to the Board:

- David Dikken and Douglas MacLennan were appointed as non-executive directors as nominees of Strategic Resources LLC, which invested $3 million in Tranche 1 of the placement (refer above)
- Alexius Chan was also appointed as a Non-Executive Director
- Directors Zane Lewis and Michael Brook resigned from the Board.

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

Note: the number of options and option exercise prices are disclosed on a post-consolidation basis. Shareholders approved the consolidation of the Company's shares on the basis of 1 new share for every 50 shares in June 2025.

(a) Amounts arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised profit and loss during the financial year were as follows:

	2025 $	2024 $
Included in share-based payments expense		
Options granted to a director (unvested)	38,947	-
Options granted to a director (vested)	65,100	-
Performance rights granted to a director (unvested)	19,864	-
Options granted to employees/consultant (vesting) (Note 1)	126,222	383,949
Options granted to employee (vested)	-	23,810
	250,133	**407,759**
Included in finance expenses		
Options granted to lenders (vested)	178,038	510,883
	178,038	510,883
Total share-based payments and option expense recognised in the profit and loss	**428,171**	**918,642**

Total amounts arising from share-based payment transactions recognised as share issue expenses and included as part of net Share Capital during the period were as follows: `

	2025 $	2024 $
Included in share issue expenses in net equity		
Options issued to corporate adviser (no vesting conditions	-	1,075,741
Total Share-based payments amounts recognised as share issue expenses in net equity	**-**	**1,075,741**
Total amounts recorded relating to share-based payments reserve	**-**	**1,994,383**

Notes:

1. These options were granted in the previous financial year and full details are included in the 2024 Annual Report. The amount recorded in the current financial year relates to the vesting of shares over the period.

Options granted as part of the issue the Convertible Loan during the financial year (refer Note 3.8) have been accounted for as part of fair value accounting of that instrument and a total amount of $178,038 (2024: $510,883) has been recognised as finance expenses.

8.1 SHARE-BASED PAYMENTS (CONT.)

The fair value of options and performance rights granted during the financial year were calculated by using a Black-Scholes pricing model applying the following inputs.

	Director Sign-on	Director Incentive	Director Performance Rights[2]
Grant dated	21 November 2024[1]	21 November 2024[1]	21 November 2024[1]
Number Issued	1,200,000	1,200,000	924,000
Share price at grant date	$0.10	$0.10	$0.10
Exercise price	$0.225	$0.2175	$Nil
Life of options (years)	4 years from date of issue	4 years from date of issue	2 years from date of issue
Vesting period (years)	12 months from date of award	Nil	Subject to achievement of performance milestone.
Probability that Vesting condition will be achieved	100%	N/A	100%
Expected share price volatility	85%	85%	85%
Weighted average risk free interest rate	4.10%	4.10%	4.11%
Fair value per option	$0.054	$0.054	$0.10

1. Granted on 21 November 2024; however, they were not issued until 15 September 2025. They have been accounted for as if they were issued on the grant date.
2. These are performance rights that convert into ordinary shares, subject to continuous service and Performance Milestone being achieved within 2 years of the date of issue. Performance Milestone is completion of a positive Pre-Feasibility Study on the Tardiff Deposit at the Company's Nechalacho Rare Earths Project within 2 years from the date of issue of the Performance Rights ('positive' meaning that PFS concludes that the Project has a positive Net Present Value). The performance rights vest on a change of control.

	Lender Options – Convertible Loan	Lender Options – Short Term Loan[1]
Grant dated	14 March 2025	23 June 2025
Number Issued	5,600,000	880,000
Share price at grant date	$0.10	$0.10
Exercise price	$0.20	$0.05
Life of options (years)	1.54	1.52
Vesting period (years)	Nil	Nil
Expected share price volatility	75%	75%
Weighted average risk free interest rate	3.75%	3.21%
Fair value per option	$0.018	$0.059

1. These options were granted on 23 June 2025 and issued after balance date following the completion of the 1 for 50 share consolidation.

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.

8.1 SHARE-BASED PAYMENTS (CONT.)

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

(b) Options

Set out below are summaries of the options issued:

	Consolidated			
	2025		2024	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	15,910,000	1.031	8,710,000	1.350
Granted	9,600,000	0.429	7,200,000	0.640
Expired / lapsed	(13,910,000)	(1.100)	-	-
Outstanding at year-end	11,600,000	0.451	15,910,000	1.031
Exercisable at year-end	11,000,000	0.452	11,510,000	1.077
Un-exercisable at year-end	600,000	0.425	4,400,000	0.912

In addition to the options above, the following options were granted and accounted for during the financial year, but issued after the end of the financial year:

- 880,000 options with an exercise price of $0. 05 and an expiry date of 4 January 2027 to a Lender.
- 1,200,000 options with an exercise price of $0.225 and an expiry date of 15 September 2029, and 1,200,000 options with an exercise price of $0.2175 and an expiry date of 15 September 2029

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.27 years (2024: 1.12 years), and the exercise price ranges from 0.20to 0.75 cents (2024: 0.425 cents to $3.50).

Options exercised during the year resulted in Nil shares (2024: Nil shares) being issued at an average price of $Nil (2024: $Nil) each.

(c) Performance Rights

At 30 June 2025, 924,000 Performance Rights have been granted (2024: Nil).

In November 2024, Shareholders approved the issue of Performance Rights to Lisa Riley under the Company's employee share plan. These Performance Rights were issued subsequent to balance date on 15 September 2025. These performance rights have been accounted for in the current financial year effective from the grant date of 21 November 2025. Detail are included in Note 8.1(a) above.

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.

8.1 SHARE-BASED PAYMENTS (CONT.)

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:
- Richard Crookes
- Lisa Riley
- Michael Brook
- Zane Lewis
- Paul Quirk
- Geordie Mark

There were no other Key Management Personnel.

Compensation of Directors and Key Management Personnel

	2025 $	2024 $
Short-term employee benefits	628,651	806,647
Post-employment benefits	19,125	1,156
Termination payments	259,602	-
Share-based payments	123,911	-
	1,031,289	807,803

Other disclosures regarding Key Management Personnel are made in the remuneration report on pages 25 to 31.

8.1 RELATED PARTY TRANSACTIONS (CONT.)

Other Transactions with Related Parties

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

8.3. PARENT ENTITY FINANCIAL INFORMATION

The following information relates to the parent entity, Vital Metals Limited, as at 30 June 2025. The information presented here has been prepared using accounting policies consistent with those presented in this report.

	2025 $	2024 $
Assets		
Current assets	456,917	505,032
Non-current assets	4,801,508	4,999,078
Inter-company loan	100,245,881	65,687,163
Total assets	105,504,306	71,191,273
Liabilities		
Current liabilities	1,512,215	558,490
Non-current liabilities	-	-
Total liabilities	1,512,215	558,490
Net Assets	103,992,091	70,632,783
Equity		
Issued capital	154,661,305	154,661,305
Reserves	10,225,515	9,829,293
Accumulated losses	(60,894,729)	(93,857,815)
Total equity	103,992,091	70,632,783
Financial performance		
Loss for the year	(2,036,916)	(3,769,368)
Impairment of intercompany loan	-	(2,178,409)
Other comprehensive income	-	-
Total comprehensive income	(2,036,916)	(5,947,777)
Contingent liabilities and commitments	-	-

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

8.4. REMUNERATION OF AUDITORS

	2025 $	2024 $
Amounts received or due and receivable by Auditors of the Company		
- Audit and review of financial statements by BDO Audit Pty Ltd[1]	64,040	138,206
- Audit and review of financial statements by Hall Chadwick (NSW)[2]	70,000	-
Total remuneration	134,040	138,206

1. The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 17 May 2025. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.
2. Hall Chadwick (NSW) was appointed auditor during the financial year.

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.

8.6. Prior Period Adjustment

During the year, the group identified an incorrect accounting treatment for the interest-free loan with the Canadian Northern Economic Development Agency (CanNor) (refer Note 3.6) which dated back to 2022 in one of its subsidiaries. The group incorrectly accounted for the benefit of a government loan at below market interest rate as finance income instead of treating it as a government grant at the inception of loan under the applicable accounting standards.

As a consequence, the adjustments have been corrected by restating each of the affected financial statement line items of the corresponding prior periods.

The following tables summarises the impact on the group's consolidated financial statements.

	30 June 2023 As previously reported $	30 June 2023 Adjustments $	30 June 2023 Restated $	30 June 2024 As previously reported $	30 June 2024 Adjustments $	30 June 2024 Restated $
Consolidated financial position (extracts)						
Government loans - current	(143,037)	88,240	(54,797)	(103,693)	79,378	(24,315)
Deferred grant liability - current	-	(58,369)	(58,369)	-	(56,419)	(56,419)
Government loans - non-current	(3,391,939)	(324,214)	(3,716,153)	(417,246)	(313,766)	(731,012)
Deferred grant liability - non-current	-	(510,731)	(510,731)	-	(437,247)	(437,247)
Net assets	**52,355,218**	**(805,075)**	**51,550,143**	**58,080,520**	**(728,055)**	**57,352,465**
Retained earnings	108,301,306	775,721	109,077,027	105,981,207	724,224	106,705,431
Foreign currency translation reserve	(2,427,458)	29,354	(2,398,104)	428,870	3,831	432,701
Total equity	**(52,355,218)**	**805,075**	**(51,550,143)**	**(58,080,520)**	**728,055**	**(57,352,465)**
Consolidated profit or loss and other comprehensive income (extracts)						
Other income	(26,490)	(14,250)	(40,740)	(1,258,382)	(57,970)	(1,316,352)
Finance income	(416,968)	218,541	(198,427)	(51,480)	-	(51,480)
Finance costs	174,863	(50,664)	124,199	875,213	6,473	881,686
Loss before tax	**(51,681,194)**	**153,627**	**(51,527,567)**	**2,320,099**	**51,497**	**2,371,596**
Income tax expense	-	-	-	-	-	-
Loss after tax	**(51,681,194)**	**153,627**	**(51,527,567)**	**2,320,099**	**51,497**	**2,371,596**

BASIS OF PREPARATION

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency
Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Name of Entity	Type of Entity	% Share of capital held	Country of Incorporation	Australian resident or Foreign resident (for Taxation purposes)	Foreign tax jurisdiction of foreign residents
Vital Metals Limited	Body Corporate	100%	Australia	Australian	N/A
Cheetah Resources Pty Ltd	Body Corporate	100%	Australia	Australian	N/A
NWT Rare Earths Ltd	Body Corporate	50%	Canada	Foreign	Canada
Nechalacho Resources Corp.	Body Corporate	100%	Canada	Foreign	Canada
Kisaki Mining Company Limited	Body Corporate	90%	United Republic of Tanzania	Foreign	United Republic of Tanzania

Notes:
None of the entities are participants in a joint venture or partnership

VITAL METALS LIMITED AND ITS CONTROLLED ENTITIES
ABN 32 112 032 596

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 33 to 83 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 2025 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 2025, comply with Section 300A of the Corporations Act 2001; and contingencies.

4. The consolidated entity disclosure statement set out on page 84 is true and correct.

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.

R.A. Crooks

Richard Crookes
Chairman
Sydney: 29 September 2025

VITAL METALS LIMITED
ABN 32 112 032 596
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VITAL METALS LIMITED

Opinion

We have audited the financial report of Vital Metals Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 statements, including a summary of material accounting policy information, consolidated entity disclosure statement and the director's declaration.

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

(a) giving a true and fair view of the group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of 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 auditor independence requirements of 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* (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.

Material Uncertainty Related to Going Concern

We draw attention to page 40 in the financial report, which indicates that the group incurred a net loss from continuing operations of $3,310,246 and had net cash outflows from operating and investing activities of $3,228,434 for year ended 30 June 2025. As stated in page 40, these events or conditions, along with other matters as set forth in page 40, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

VITAL METALS LIMITED
ABN 32 112 032 596
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VITAL METALS LIMITED

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 for the year ended 30 June 2025. 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER
Exploration and evaluation assets *Refer to Note 3.3 "Exploration and evaluation expenditure"*	
As at 30 June 2025, the carrying value of the exploration and evaluation assets amounted to $23,848,784. In accordance with AASB 6: Exploration for and Evaluation of Mineral Resources, the group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of judgement. This area is considered as a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger. • reviewing management's area of interest considerations and capitalized expenditure in accordance with AASB 6. • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: - tracing projects to statutory registers and exploration licenses to determine whether a right of tenure existed. - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure. - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale. • assessing the accuracy of impairment recorded for the year as it related to exploration and evaluation interests. • assessing the appropriateness of the related financial statement disclosures.

VITAL METALS LIMITED
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AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VITAL METALS LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER
Mine under Development *Refer to Note 3.4 "Mine under development"*	
As at 30 June 2025, the carrying value of the mine under development amounted to $31,029,984. In accordance with AASB 136: Impairment of Assets, the group is required to assess at each reporting date whether there are any indicators of impairment that may suggest the carrying amount of cash generating unit (CGU) exceeds its recoverable amount. As the CGU contains 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 CGU may exceed its recoverable amount. The recoverable value of the CGU is impacted by various key estimates and judgements in particular: • Ore Reserves and estimates • Discount rate • Assumed commodity prices • Capitalisation of mine development costs. The determination of the recoverable value of the CGU requires management to make significant accounting judgements and estimates which includes the items above. This was determined to be a key audit matter due to the significant judgement applied in determining the recoverable value of the CGU in accordance with the standards.	Our procedures included, amongst others: • assessing the appropriateness of the CGU identification and the allocation of assets and liabilities to the carrying value of the CGU. • assessing the arithmetic accuracy and integrity of management's value in use model. • analysing management's commodity price assumptions against external market information. • challenging the appropriateness of management's discount rate used in the value in use financial model in conjunction with our internal valuation experts. • reviewing management's updated assessment of ore resources based on management's expert estimates performed in prior years. • challenging management's sensitivity assessment by performing analysis in respect of the key assumptions within the value in use model and assessing for resultant significant changes in the CGU value. • assessing the appropriateness of the related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly 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.

VITAL METALS LIMITED
ABN 32 112 032 596
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VITAL METALS LIMITED

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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

VITAL METALS LIMITED
ABN 32 112 032 596
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VITAL METALS LIMITED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2025.

In our opinion, the remuneration report of Vital Metals Limited, for the year ended 30 June 2025, complies with s300A 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 s300A 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.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 29 September 2025

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

1. Shareholding

(a) Distribution of shareholders as at 17 September 2025 - fully paid ordinary shares

Size of Holding	Number of Shareholders	Percentage of Holders	Number of Shares	Percentage of Shares
1 - 1,000 shares	4,371	47.1%	1,935,142	1.3%
1,001 - 5,000 shares	2,964	31.9%	7,392,719	5.0%
5,001 – 10,000 shares	813	8.8%	6,043,839	4.1%
10,000 – 100,000 shares	1,020	11.0%	29,197,344	19.9%
100,001 shares and over	109	1.2%	101,925,040	69.6%
Total	**9,277**	**100.0%**	**146,494,084**	**100.0%**

(b) Marketable Parcels

The number of shareholdings less than a marketable parcel is 6,229 holders with 5,167,622 shares as at 17 September 2025. The required marketable parcel is $500 (2,632 shares).

(c) Substantial Shareholders

As at 17 September 2025, there were three 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
Strategic Resources LLC	28,594,816	19.52%
Shenghe Resources (Singapore) Pte Ltd	11,778,344	8.04%
D.A.C.H.S Capital AG	9,089,036	6.20%

(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 (%)
Strategic Resources LLC	28.594,816	19.52%
Shenghe Resources (Singapore) Pte Ltd	11,778,344	8.04%
BNP Paribas Noms Pty Ltd	10,451,026	7.13%
Citicorp Nominees Pty Limited	6,567,943	4.48%
HSBC Custody Nominees (Australia) Limited	4,487,968	3.06%
Kingslane Pty Ltd <Cranston Super Pension A/C>	2,915,949	1.99%
BNP Paribas Nominees PTY LTD <Clearstream>"	2,510,319	1.71%
Tisia Nominees Pty Ltd <Henderson Family A/C>	2,000,009	1.37%
Mr Alexius Chan & Mrs Turid Bente Chan & Mr Benedict Wai-Nam Chan <Turid Chan SF A/C>	1,860,420	1.27%
HSBC Custody Nominees (Australia) Limited	1,838,825	1.26%
Mr Benedict Wai-Nam Chan & Mrs Turid Bente Chan	1,796,000	1.23%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail client >	1,250,254	0.85%
Atkins Projects And Infrastructure Pty Ltd <G & C Atkins Family A/C>	1,221,990	0.83%
Cawarra Factors And Business Services Pty Ltd	1,040,000	0.71%
Ponderosa Investments WA Pty Ltd <The Ponderosa Investment A/C>	940,000	0.64%
Mr Rameshweren Kanagalingam	933,300	0.64%
Ocean View WA Pty Ltd	679,000	0.46%
Richfast Pty Ltd <Neil Scotney Super Fund A/C>	650,000	0.44%
Mr Jack Dwyer	612,996	0.42%
Mr Russell Gregory Garrod	600,000	0.41%
Totals: Top 20 Holders of ORDINARY Shares (TOTAL)	**82,729.159**	**56.47%**
Total Remaining Holders Balance	**63,764,925**	**43.53%**
Total All shareholders	**146,494,084**	**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
800,000	Unlisted options exercisable at 75 cents expiring 11 January 2028	Issued under employee incentive plan
1,200,000	Unlisted options exercisable at 42.5 cents expiring 11 January 2028	Issued under employee incentive plan
4,000,000	Unlisted options exercisable at 75 cents expiring 10 December 2027	Ashanti Capital Pty Ltd
5,600,000	Unlisted options exercisable at 20 cents expiring 11 October 2026	Asia Pacific Holdings Limited
880,000	Unlisted options exercisable at 5 cents expiring 4 January 2027	Asia Pacific Holdings Limited
1,200,000	Unlisted options exercisable at 22.5 cents expiring 15 September 2029	Issued under employee incentive plan
1,200,000	Unlisted options exercisable at 21.75 cents expiring 15 September 2029	Issued under employee incentive plan
924,000	Performance Rights expiring 15 September 2027	Issued under employee incentive plan

Distribution of holders of unquoted equity securities

	Unlisted options ($0.75 @ 11/1/2028)		Unlisted options ($0.425 @ 11/1/2028)		Unlisted options ($0.75 @ 10/12/2027)		Unlisted options ($0.20 @ 11/10/2026)	
	No. of holders	No. of securities	No. of holder	No. of securities	No. of holder	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	800,000	1	1,200,000	1	4,000,000	1	5,600,000
Total	1	800,000	1	1,200,000	1	4,000,000	1	5.600,000

	Unlisted options ($0.05 @ 4/01/2027)		Unlisted options ($0.225 @ 15/09/2029)		Unlisted options ($0.2175 @ 15/09/2029)		Performance Rights Expiring 15/09/2027)	
	No. of holders	No. of securities	No. of holder	No. of securities	No. of holder	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	880,000	1	1,200,000	1	1,200,000	1	924,000
Total	1	880,000	1	1,200,000	1	1,200,000	1	924,000

3. RESTRICTED SECURITIES:

The Company has the following restricted securities: nil

4. COMPANY SECRETARY

The name of the Company Secretary is Louisa Martino.

5. REGISTERED OFFICE

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Level 5, 56 Pitt Street
Sydney, NSW, 2000
Telephone: +61 2 8823 3179
Website: www.vitalmetals.com.au
Email: vital@vitalmetals.com.au

6. REGISTERS OF SECURITIES

XCEND
Level 2, 477 Pitt St
Haymarket NSW 200
Phone: +61 2 8591 8509
Email: support@xcend.co
Website: www.xcend.co

7. STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
(ASX Code: VML)