

VITAL METALS RAMPS UP RARE EARTH PRODUCTION AT NECHALACHO – JULY SITE UPDATE

HIGHLIGHTS

- Vital completes first month of rare earths production at Nechalacho, Canada
- Vital intersects high-grade REO mineralisation in North T pit wall at Nechalacho which is not included in the existing Mineral Resource
- Nechalacho ore sorter successfully produces high-grade REO concentrate
- Ceremony marking first production with Yellowknives Dene First Nation representatives

Vital Metals Limited (ASX: VML) (“Vital”, “Vital Metals” or “the Company”) is pleased to provide an update on operations at its Nechalacho rare earths project in Northwest Territories, Canada, where Vital continued to ramp up rare earths production during July.

Vital Metals and its 100% owned subsidiary Cheetah Resources held a ceremony on 21 July 2021 which included representatives from the Yellowknives Dene First Nation (YKDFN) and local media outlets to witness rare earth production at Nechalacho. Vital’s operation at Nechalacho is the first time an indigenous business is extracting mineral resources from its own territory in Canada, with Det’on Nahanni Construction Ltd, a YKDFN-owned business, completing contract mining at the site.

Vital Metals’ Managing Director Geoff Atkins said: *“We are really pleased with the way our operations are ramping up at Nechalacho, and the exciting developments we’ve made with ore sorter operation and mineralisation in the North T pit wall during July.”*

“It was gratifying for us to acknowledge the Yellowknives Dene First Nation as we commenced rare earths production at Nechalacho and we look forward to continuing to develop this relationship with YKDFN as we continue with our plans for a larger scale, long-life operation there.”



Representatives of Yellowknives Dene First Nation joined in a traditional ceremony at Nechalacho

MINING INTERSECTS HIGH-GRADE REO MINERALISATION OUTSIDE NORTH T RESOURCE

Mining at Nechalacho's North T pit has intersected high-grade REO mineralisation in the northern edge of the pit wall which is not included in North T's existing high-grade Mineral Resource of 101,000 tonnes at 9.01% LREO (comprised of a Measured Resource of 68,000 tonnes at 9.60% LREO and an Indicated Resource of 33,000 tonnes at 7.80% LREO)¹. This new material provides potential for Vital to expand, in the future, the North T pit beyond the current mine plan.



Vitals' Clarence Pyke and Mathew Edler inspect newly discovered high-grade REO mineralisation (red) in the North T pit.

NECHALACHO ORE SORTER PERFORMANCE EXCEEDS EXPECTATIONS

Vital commenced processing ore from North T through the Nechalacho ore sorter during July as part of commissioning and training operations. Using only material from the low-grade stockpile (~2-5% TREO), the ore sorter has produced a high-grade beneficiated product from a single pass. With a target concentrate specification of above 35% TREO, a visual inspection of final product and the ratio of rare earth minerals (red bastnaesite) to waste (white quartz) indicates that the ore sorter has performed as expected. Vital processed the low-grade ore as part of parameter dial in and calibration of the ore sorter. The immediate production of high grade product, from this material, has exceeded expectations.

As sorter operations proceed through August, material from the high and medium grade stockpiles will start to be processed.



First bag of ore produced by Nechalacho's ore sorter inspected during a tour of the site



Vital Metals' Mathew Edler and TOMRA's Jeremy Catholique at the Nechalacho ore sorter

¹ ASX Announcement 15 April 2020: Substantial Increase in Resource Size and Grade at North-T Zone Nechalacho



Nechalacho's ore sorter in operation including high grade concentrate produced from low grade ore

Concentrate bags in staging area ready for transportation to Saskatoon

NORTH T PIT TAKES SHAPE

Drilling, blasting and mining of ore continued at the North T pit through July, with 6,200 bank cubic metres (BCM) of ore mined and ~120,000 BCM of waste mined for the month. With the majority of mining activities focussed on removing overburden and the establishment of mining infrastructure, such as the waste water storage pond, activities in August are expected to start to enter the main ore body. The first mining campaign is scheduled to be completed, with mining equipment being demobilised, in October. This will provide sufficient ore to enable multiple years production at Vital's Rare Earth Plant in Saskatoon.



Drilling to expand Nechalacho pit



Aerial view of Nechalacho operations



Drone image of North T pit with drilled holes ready to blast



Drone image of crusher, ore sorter and wastewater storage pond at Nechalacho



Pit inspection at North T

Key milestones forecast for August 2021

- Mining activities to enter the main North T ore body
- Ore Sorter to commence processing material from high grade stockpiles

- ENDS-

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



ABOUT VITAL

Vital Metals Limited (ASX:VML) is an explorer and developer focussing on rare earths, technology metals and gold projects. Our projects are located across a range of jurisdictions in Canada, Africa and Germany.

Nechalacho Rare Earth Project - Canada

The Nechalacho project is a high grade, light rare earth (bastnaesite) project located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralisation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a JORC Resource of **94.7MT at 1.46% TREO** comprised of a Measured Resource of 2.9MT at 1.47% TREO, an Indicated Resource of 14.7MT at 1.5% TREO, and an Inferred Resource of 77.1MT at 1.46% TREO.

Compliance Statement

This announcement contains information relating to Mineral Resource Estimates extracted from ASX market announcements reported previously and published on the ASX platform on 13 December 2019 and 15 April 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed.

Forward Looking Statements

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

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

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

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

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