

VITAL PIVOTS STRATEGY AND PROVIDES SASKATOON PROCESSING FACILITY CAPITAL COST UPDATE

- Vital provides a strategic update on its pivot to a sharper focus on developing the world-class Tardiff Deposit at the Nechalacho Project
- Vital plans to complete the calcine circuit at its Saskatoon rare earths processing facility in Q3 CY2023
- Completion of the rare earth hydrometallurgical leaching, purification and rare earth precipitation circuits has been deferred until CY2024
- Vital to produce an intermediate rare earths oxide product for potential sale to third parties until REEtec's facility is completed in late 2024
- Revised costs to complete Saskatoon Facility estimated at A\$40.8 million
- Drilling program at the Tardiff deposit to upgrade confidence of the inferred resource scheduled to commence in Q1 CY2023
- Infill and extension drilling at Nechalacho's high-grade North T deposit is also planned for 2023
- Drilling program to include an initial assessment of the potential xenotime target between the North T and Tardiff deposits
- Vital commends the Canadian Government's recently released Critical Minerals Strategy

Vital Metals Limited (ASX: VML | OTCQB: VTMXF) ("Vital", "Vital Metals" or "the Company") provide an update on development of its rare earth mining and processing operations in Canada.

Strategy Update

Following recent management changes and a review of progress with construction and costs at the Saskatoon processing facility, the Company is pivoting to a sharper focus on advancing the world-class Tardiff Deposit at the Nechalacho Project in Canada's Northwest Territories.

Tardiff is a large deposit (currently 95mt at 1.46% TREO including 0.35% NdPr for over 330,000 contained tons of NdPr) which has the potential to anchor what we believe will ultimately be a globally significant producer of rare earth minerals. Deposits of this quality, located in a stable and mining-friendly jurisdiction such as Canada, are very rare and demand a coherent development strategy.

While the Company is committed to completing the Saskatoon facility and establishing a sustainable business model for the plant, the primary focus for Vital will be the delivery of a Definitive Feasibility Study ("DFS") and permitting for the larger Nechalacho Project.



As an interim step, the Company is commencing an initial economic assessment of Nechalacho incorporating the soon to be released 2023 Mineral Resource Estimate (“MRE”). This initial economic assessment will provide a roadmap for the potential of the broader Nechalacho Project and will form a key plank of our discussions to showcase Nechalacho to investors, offtakers and government partners. The initial economic assessment is due to be completed mid-2023.

Following completion of the initial economic assessment, Vital intends to move directly into the DFS process. The basis for the DFS will be an updated MRE which will be informed by the results of the Q1 2023 and Q1 2024 drilling campaigns. A key component of these campaigns will be to infill the inferred portions of the current resource with the objective of increasing confidence and ultimately providing sufficient measured and indicated material for the calculation of a significant reserve.

Core components of the DFS will include the process flow sheet design, capital and operating costs, environmental and permitting aspects as well as details of our engagement with our First Nations hosts. Vital looks forward to providing investors with regular reports as we progress through these items.

To support the efficient and timely delivery of these studies, the Company is in the final stages of appointing an experienced Study Director to assist and guide our technical team.

Saskatoon Processing Facility

Vital remains committed to the completion of its rare earth processing facility in Saskatoon, Saskatchewan. To better align capital expenditure with the anticipated timing of revenues based on Vital's offtake partner's plant completion, the Company has taken the decision to defer the completion of the rare earth hydrometallurgical leaching, purification and rare earth precipitation circuits of the facility until 2024.

This deferment will have the benefit of preserving cash reserves whilst aligning the timing of production of rare earth carbonate until Vital's offtake partner, REEtec, completes its plant in Norway which is expected by H2 CY2024.

In the interim, Vital will continue construction activity to complete the calcine circuit at Saskatoon in Q3 CY2023. This will enable the Company to process material from its Nechalacho mine and produce an intermediate rare earth oxide product. Vital intends to sell an intermediate rare earth oxide to third parties ahead of commencing deliveries of the final rare earth carbonate product to REEtec in H2 CY2024.

The amount spent to date on the Saskatoon Refinery is approximately A\$19.7 million with the cost to complete the full Saskatoon processing facility estimated at A\$40.8 million for a revised total cost of approximately A\$60.5 million for the full project. Increased capital costs are attributable to the decision to expand capacity of the processing facility from 500 to 1,000 tonnes per annum of NdPr, execution challenges, scoping changes and industry inflation.

The decision to defer the hydrometallurgical leaching, purification and rare earth precipitation circuits of the facility is expected to delay approximately A\$17.4 million of the abovementioned cost to complete until CY2024. At this point, it is expected that REEtec's facility will be ready to accept the rare earth carbonate product.

Vital Metals Managing Director John Dorward said: *“After visiting Saskatoon last week, I came away impressed with the calibre of the new operations team under the leadership of our recently appointed Chief Operating Officer, Eben Visser”.*



“A large component of our efforts in 2023 will be to deliver a sustainable business plan for the Saskatoon Plant which will include securing additional feed from Nechalacho and potentially third-party sources”.

Nechalacho Drilling

Vital has received tenders from several local drilling companies and expects to commence drilling at Nechalacho in Q1 CY2023. The planned program will consist of 5,500 metres of diamond drilling with a focus on in-filling the Tardiff Deposit to increase confidence in the large resource. Given dependence upon logistics, including the establishment of ice-road access, this H1 CY2023 program may be shortened or extended as conditions permit.

Tardiff is a shallow, thick, flat-lying orebody with previous drilling by Vital indicating some impressive results including:

- 31.8m at 4.35% TREO from 11.5m
- 60.9m at 1.92% TREO from 11.4m
- 40m at 2.54% TREO from 16m
- 51m at 2.13% TREO from 11m
- 48.1m at 2.03% TREO from 13m

(See press releases dated 26 May 2021, 3 August 2021 and 22 July 2022)

In addition to the Tardiff drill program, the Company will undertake further infill and extension drilling of the high-grade North T deposit. This is anticipated to provide the inputs for a revised mining plan for North T in H2 CY2023.

Should conditions and logistics allow, Vital is also planning an initial drilling campaign on a shallow xenotime target between North T and Tardiff. Historical results have been encouraging, and the Company considers that there is sufficient encouragement to follow this up as a potentially attractive source of valuable heavy rare earth elements including terbium and dysprosium.

An updated resource estimate for Nechalacho is scheduled for release in Q1 CY2023 which will include the additional drill results from the 2021/2022 drilling programs.

Critical Minerals Strategy

Vital Metals congratulates the Government of Canada on its recently released and far-ranging Critical Minerals Strategy (CMS). Vital’s values of ESG, Indigenous participation, reducing environmental impact, and diversity and inclusion reflect the values and goals of Canada’s CMS. Guided by the CMS, Vital will continue to work closely with Canada to build the rare earth extraction and processing value chains to supply the green and emerging industries of Canada and its aligned countries.



Upcoming Catalysts

Updated resource estimate for the Tardiff Deposit at Nechalacho	Q1 CY2023
Commencement of drilling at Nechalacho	Q1 CY2023
Drilling results from Nechalacho	Q2/3 CY2023
Completion of initial economic assessment	Q3 CY2023
Completion of Saskatoon Calcine Circuit	Q3 CY2023

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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 Canada's first rare earths miner following commencement of mining at its Nechalacho rare earths project in Canada in June 2021. It is developing a rare earths processing plant in Saskatoon, Canada and holds a portfolio of rare earths, technology metals and gold projects located in Canada, Africa and Germany.

Nechalacho Rare Earth Project - Canada

The Nechalacho project is located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralization before expanding into a large scale operation. 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 Statements

This announcement contains information relating to exploration results in respect of the Nechalacho Project extracted from ASX market announcements dated 26 May 2021 "Vital Intersects Broad High Grade REO at Tardiff", 3 August 2021 "Vital Intersects High-Grade REO in Tardiff Zones 2 & 3" and 22 July 2022 "Vital Intersects Further Broad Zones of REO at Tardiff" and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Vital confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

This announcement contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from an ASX market announcement reported previously and published on the ASX platform on 13 December 2019 "Vital Announces JORC 2012 Compliant Resources for the Nechalacho Rare Earth Deposit". 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.

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.

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