

COMPLETION OF TRANCHE 1 SHENGHE SUBSCRIPTION AND REINSTATEMENT TO OFFICIAL QUOTATION

Highlights:

- Vital Metals Limited (**Vital** or **Company**) completes the issue of 588,917,200 shares to Shenghe Resources (Singapore) Pte Ltd, a wholly-owned subsidiary of Shenghe Resources Holding Co., Ltd. (**Shenghe**) at a subscription price of A\$0.01 per share to raise approximately A\$5.9 million (**Tranche 1 Subscription**).
- Shenghe joins Vital's register as a cornerstone investor with a 9.9% strategic position in the Company.
- Vital will sell its stockpiled rare earth material to Shenghe for approximately A\$2.6 million (**Stockpile Sale Agreement**)¹.
- Vital is now funded to deliver into key milestones in 2024, including:
 - Mineral Resource Estimate update for Nechalacho Rare Earth Project;
 - Scoping Study for Tardiff to focus on potential processing scale and scalability together with product saleability and margin, informed by learnings and experience of Vital's strategic partner and shareholder, Shenghe;
 - Reinterpretation of historical lithium exploration and testing known occurrences of pegmatite outcrops across the Nechalacho Project; and
 - Permitting and integration studies with respect to integration throughout the broader rare earths supply chain.
- Vital fully paid ordinary shares (ASX:VML) to be reinstated to official quotation on ASX and recommencement of trading to occur upon market open today.

Vital Metals Limited (ASX: **VML**) ("**Vital**", "**Vital Metals**" or "**the Company**") is pleased to announce that the Company's ordinary shares will recommence trading on ASX today following completion of the Tranche 1 Subscription with Shenghe. The A\$5.9 million raised from Shenghe will enable the Company to progress development of the large-scale Tardiff deposit at its Nechalacho Project in Northwest Territories, Canada.

¹ Assumed AUD/USD of 0.65. Net proceeds are after transport costs and are subject to satisfaction of conditions precedent and subject to change based on reconciliation of rare earth concentrate by Shenghe.



Vital Chairman Richard Crookes said:

“The Board is very pleased that the Company’s shares have recommenced trading on the ASX following completion of Tranche 1 of the Shenghe Subscription. We are appreciative of the strong vote of support shown by Shenghe in the Company’s projects. The A\$5.9 million in funding provides the Company with the capital to continue to progress development of the world class Tardiff deposit, and we look forward to exploring the potential of the Wigu Hill Project in collaboration with Shenghe.”

Completion of Tranche 1 Subscription

Vital is pleased to announce that following receipt by Shenghe of overseas direct investment approval (ODI) in China, all conditions precedent to the Tranche 1 Subscription under the subscription agreement with Shenghe (refer to the Company’s ASX release dated 27 October 2023) have been satisfied and the Company has completed the issue and allotment of 588,917,200 ordinary Vital shares to Shenghe raising approximately A\$5.9 million (before costs).

The Company has also received confirmation from ASX that its ordinary shares (ASX:VML) have been reinstated to official quotation and will recommence trading upon market open today.

The issue price of the Tranche 1 Subscription of A\$0.01 per share is the same as the last traded price of Vital shares on 20 July 2023 and the Tranche 1 Subscription was completed using the utilising the Company’s available placement capacity under ASX Listing Rule 7.1A (530.6m) and Listing Rule 7.1 (58.4m).

Shenghe has the right to nominate one person for appointment as a non-executive director to the Vital Board of Directors.

Further details regarding the subscription agreement between Vital and Shenghe are set out in the Vital’s ASX announcement dated 27 October 2023.

Stockpile Sale

Vital has agreed to sell stockpiled rare earth material to Shenghe for approximately A\$2.6 million (**Stockpile Sale**)².

The stockpiled rare earth material was derived from mining at Nechalacho’s North T deposit and intended for treatment at the Saskatoon Facility being constructed by Vital’s subsidiary, Vital Metals Canada Limited (VMCL). However, Vital placed VMCL into bankruptcy in September 2023 prior to the completion of the construction of the Saskatoon Facility.

Vital expects to complete the Stockpile Sale by early 2024. Shenghe has no preferential rights over future production from Nechalacho.

² Assumed AUD/USD of 0.65. Net proceeds are after transport costs and are subject to satisfaction of conditions precedent and subject to change based on reconciliation of rare earth concentrate by Shenghe, as well as in commodity price variation.

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Vital has considered the application of Listing Rule 10.1 and confirms that it does not apply to the Stockpile Sale.

Use of Proceeds

Vital is now funded to deliver key milestones in 2024 and intends to utilise the proceeds of the Tranche 1 Subscription as follows:

- Progress development of the Company's Nechalacho Project, including Mineral Resource Estimate update for Nechalacho Rare Earth Project and scoping study for Tardiff (approximately A\$1.5m);
- Repay existing debt, creditors and transaction costs (approximately A\$3.1 million); and
- General working capital (approximately A\$1.3 million).

As noted above, a portion of the Tranche 1 Subscription funding will be used to repay the \$2 million loan provided by Malekula Projects Pty Ltd, INVL Group Pty Ltd and Treasury Services Group Pty Ltd as trustee for the Nero Resources Fund ("**Lenders**") (refer to the Company's ASX announcement dated 6 September 2023 for further details). Following repayment of the loan, the Company confirms that the general security granted to the Lenders over the Company's assets will be fully discharged.

Advisers

Ashanti Capital is acting as financial adviser to Vital Metals.

Steinpreis Paganin is acting as legal adviser to Vital Metals.

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

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ABOUT VITAL METALS

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

Nechalacho Rare Earth Project - Canada

The Nechalacho project is located at Nechalacho in the Northwest Territories of Canada and has potential to develop into a significant large-scale supplier of critical electric motor magnet minerals.

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