

VITAL METALS' SEPTEMBER 2024 QUARTERLY REPORT

Highlights

- Vital progresses Scoping Study for Tardiff deposit at its Nechalacho Rare Earths Project in Northwest Territories, Canada
- ERM Consultants Canada Ltd (“ERM”) to complete Scoping Study that will examine the size and scalability of future production scenarios at Tardiff
- Vital appointed mineral processing consultancy Corem to establish a preliminary flowsheet for processing rare earths from Tardiff, with results to be included in the Scoping Study
- Tardiff has a Mineral Resource Estimate (“MRE”) of **213Mt at 1.17% TREO** and is estimated to contain more than **623,000 tonnes of NdPr** (April 2024), with an updated MRE due in CY2024 to include all recent drill results
- Tardiff Scoping Study on track for completion by end of CY2024.

CORPORATE

- Experienced corporate advisor Zane Lewis joins Vital Metals Board as Non-Executive Director
- Mr Lewis has +25 years’ experience in corporate advisory, finance and M&A and is a previous Executive Director of Vital Metals, with extensive knowledge of Nechalacho.

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

NECHALACHO RARE EARTHS PROJECT, NORTHWEST TERRITORIES, CANADA

Following the receipt of final results from its 2023 Tardiff drilling program in July 2024, as reported last quarter, Vital moved ahead with a Scoping Study for the deposit, appointing ERM Consultants Canada Limited (“ERM”) to examine the size and scalability of future production scenarios at Tardiff.

Tardiff’s most recent MRE was delivered in April 2024 and final 2023 assay results (ASX release 23 July 2024) were received during the quarter which provided higher confidence in high-grade REE mineralisation. These assay results were not included in the previous MRE and will be incorporated into an updated MRE in the current quarter.

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Various work-streams continue to provide key inputs to the Scoping Study that will consider the future size and scalability of production scenarios. ERM will review previous work by Vital, including data verification and metallurgical testwork, define a saleable product, estimate capital expenditures and trade-off analysis, estimate operating costs, and review environmental information relating to the project in completing its report.

ERM's scope of work for Tardiff's Scoping Study includes:

- Development of a preferred flowsheet with Corem;
- Assessment of production volume for financial modelling;
- Identification of capital and operating costs estimates based on the preferred flowsheet;
- Development of Scoping Study-based design documents to inform proposed cost estimates
- Evaluations and calculations completed to the requirements of JORC 2012 and National Instrument 43-101 reporting standards.

In addition, Vital appointed Canada-based mineral processing consultancy Corem to complete processing testwork on samples from Tardiff. Corem's scope of work aims 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. Once the optimal front-end flowsheet is determined, it will evaluate the preferred pathway for the further processing of a Tardiff concentrate.

The Vital team was out in the field at site for two weeks in September where some sampling, high-definition core photography and field work took place. Additionally, ERM's technical team visited the site to review and quality control key information for the scoping study.

Upcoming catalysts

Vital has several important milestones to achieve over the next three months which are expected to show a more matured understanding of the Upper Tardiff system, and reinforce the natural qualities of its unique combination of its incredible size, impressive grades, high NdPr:TREO ratio (25%), and shallow nature. These catalysts include:

- Focused study updates (H2 CY2024)
- Updated Tardiff Mineral Resource Estimate (Q4 CY2024)
- Tardiff Scoping Study completion (late CY2024).

CORPORATE

In August, Vital announced the appointment of experienced corporate advisor and executive Zane Lewis as a Non-Executive Director with Paul Quirk agreeing to retire as a director to maintain the current Board size.

Mr Lewis, the founder of SmallCap Corporate, has more than 25 of years corporate advisory experience with various ASX and AIM listed companies. He is also the Chairman of Kairos

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Minerals (ASX: KAI) and Odessa Minerals (ASX: ODE), and a non-executive director of ASX-listed companies Lion Energy (ASX: LIO).

Mr Lewis was previously an Executive Director and Company Secretary at Vital Metals in 2019-2020, the period during which it acquired Nechalacho.

Cash position

As at 30 September 2024, the Company held approximately \$2,888,000 in cash.

During the quarter, the Company made payments of \$428,000 to related parties and their associates. These payments relate to existing remuneration agreements for the Directors and includes \$263,000 related to remuneration payments to the former managing director. Of this amount, \$428,000 is included in operating cashflows and \$Nil is included in exploration expenditure.

During the quarter, Vital spent \$509,000 on exploration and evaluation expenditure and mine under development costs. Details of activities carried out during the quarter are set out in this report.

TENEMENT SCHEDULE

Location	Project	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Canada	Nechalcho *	100%	0%	100%

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

- ENDS -

Contact

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



About Vital Metals

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

ASX Listing Rule Information

This announcement contains information relating to Mineral Resource Estimates in respect of the Nechalacho Project extracted from ASX market announcements reported previously and published on the ASX platform on 4 April 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 and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The Mineral Resource Estimate of 212.7Mt @ 1.17% TREO comprises 181.6 Mt @ 1.17% TREO Inferred, 24.1Mt @ 1.08% TREO Indicated and 7.0Mt @ 1.39% TREO Measured.

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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Appendix 5B

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

Name of entity

VITAL METALS LIMITED

ABN

32 112 032 596

Quarter ended ("current quarter")

30 SEPTEMBER 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	944	944
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production/inventory	(37)	(37)
	(d) staff costs	(462)	(462)
	(e) administration and corporate costs	(547)	(547)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	13
1.5	Interest and other costs of finance paid	(8)	(8)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	112	112
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	15	15

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(509)	(509)
	(e) investments	-	-
	(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(509)	(509)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(35)	(35)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(44)	(44)
3.10	Net cash from / (used in) financing activities	(79)	(79)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,533	3,533
4.2	Net cash from / (used in) operating activities (item 1.9 above)	15	15
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(509)	(509)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(79)	(79)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(72)	(72)
4.6	Cash and cash equivalents at end of period	2,888	2,888

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,106	2,661
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits supporting bank transaction facilities)	782	872
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,888	3,533

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	428
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,041	1,041
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,041	1,041
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/a		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	15
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(509)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(494)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,888
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,888
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/a	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/a	

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

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 30 October 2024

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

Notes

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