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Vital Metals completes A\$43M institutional placement to commence mining at the Nechalacho rare earths project

HIGHLIGHTS

- **Vital receives strong support from new North American institutional investors validating its strategy to become the first REE producer in Canada and the second REE producer in North America**
- **Placement funds construction, mining and operations for production at Nechalacho Rare Earths Project in Canada**
- **Vital is on track for rare earth production at Nechalacho in Q2 CY21**
- **Mining operations will commence at Nechalacho this month – contract signed with Det'on Cho Nahanni Construction Ltd for mining, crushing, screening and other works**
- **Ore sorter and other equipment are set for delivery to site by the end of March**

Vital Metals Limited (ASX: **VML**) ("**VML**" or the "**Company**") is pleased to announce that it has received firm commitments to raise A\$43.0 million (before costs) via a share placement to institutional, sophisticated and professional investors at A\$0.065 per share with approximately 661.5 million new fully-paid ordinary shares to be issued ("**Placement**"). Proceeds from the Placement funds construction, mining and operations at its Nechalacho rare earths project in Canada, allowing production to commence on schedule in Q2 CY21. Vital received strong support in the Placement, adding new institutional investors to its register while several existing investors increased their holdings.

Managing Director Geoff Atkins said the placement would be transformative for the Company and its register:

"We were pleased to receive such strong support for this placement from several large North American institutional investors who have joined our register, as well as from existing shareholders locally and internationally.

"This support validates our strategy to produce rare earths for a globally diversified supply chain. As demand for critical minerals including rare earths continues to grow, our Canadian based project is positioned to supply customers in North America, Europe and Asia.



“This placement ensures Stage 1 operations at Nechalacho are fully funded. We are excited to complete this milestone to allow mining operations to commence as we transition to a rare earth producer next quarter.

“We look forward to commencement of our first mining campaign for Stage 1 operations at the North T Zone this month, and expect this will provide cashflow for our larger scale, longer life operation at Tardiff, where we are currently drilling to define a preliminary mine plan as Stage 2 of the project.”

Canaccord Genuity (Australia) Limited acted as Lead Manager and Bookrunner to the Placement and also acted in the United States through its U.S. broker dealer affiliate Canaccord Genuity LLC. Tectonic Advisory Partners acted as Co-Lead Manager. Tectonic securities transactions are executed through Ecoban Securities Corporation. Peloton Capital acted as Co-Manager to the Placement.

Vital will use proceeds of the Placement to fund:

- Commencement of mining operations at the Nechalacho Project;
- Construction of offsite extraction plant in Saskatoon, Canada;
- Processing of mined material;
- Drilling program at the Nechalacho Project to define a preliminary mine plan for its stage 2 production;
- Review historical drilling information and conduct further drilling, bulk sampling and testing at Wigu Hill; and
- General working capital.

Placement Details

The Placement will comprise the issue of approximately 661.5 million new fully paid ordinary shares (“**New Shares**”) at an issue price of A\$0.065 per share, which represents a:

- 8.2% discount to the 15-day volume weighted average price (“**VWAP**”) of A\$0.071 as at 16 March 2021; and
- 5.5% discount to the 20-day VWAP of A\$0.069 as at 16 March 2021.

The New Shares will be issued in a single tranche, pursuant to the Company’s existing placement capacity under ASX Listing Rule 7.1 for 394,069,016 shares and ASX Listing Rule 7.1A for 267,469,462 shares.

Settlement of the Placement is expected to occur on Friday, 26 March 2021 and the New Shares will rank equally with the Company’s existing shares on issue.

- ENDS-

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

ABOUT VITAL METALS

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 measured, indicated and inferred JORC Resource of **94MT at 1.46% TREO**.¹

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

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.

¹ Refer ASX Announcements dated 13 December 2019, 19 February 2020 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 announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.