

Mr Daniel Nicholson
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Tce
Perth WA 6000

By e-mail

Dear Mr Nicholson

RE: Response to ASX Aware Query

Vital Metals Limited (ASX: VML) (Vital Metals or the Company) refers to your Aware Query dated 28 June 2019 and provides the following responses:

1. *Does VML consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable.

3. *When did VML first become aware of the Information?*

The Company became aware of the Information, including the final terms of the binding term sheet (“Term Sheet”) on Monday, 24 June 2019 at 2:28 pm (WST) and lodged a draft of the Announcement with ASX on the same day at 11:30 pm (WST).

4. *If the answer to question 1 is “yes” and VML first became aware of the Information before VML requested the Trading Halt on 17 June 2019, did VML make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe VML was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps VML took to ensure that the information was released promptly and without delay.*

The Company did not become aware of the Information before requesting the Trading Halt on 17 June 2019 and accordingly was not able to make any announcement prior to the relevant date which disclosed the information. To assist in understanding the reason why the information in the Announcement was not released to the market at an earlier time, the Company provides the following background:

- i. Over the course of CY 2019, the Company has been actively reviewing potential incomplete and confidential acquisitions as most recently advised in the Company’s Quarterly Activities Report dated 30 April 2019, this includes Cheetah Resources Pty Ltd.
- ii. On 17 June 2019, while continuing to undertake incomplete and confidential negotiations with Cheetah Resources, the Company decided to request the Trading Halt based on the observed

- trading in the Company's securities and out of an abundance of caution.
- iii. On 19 June 2019, the Company was unable to immediately release the Announcement as it had not, amongst other things, entered into the Term Sheet and accordingly the Company requested a voluntary suspension.
 - iv. On Monday, 24 June 2019 at 2:28 pm (WST), the Company received the executed Term Sheet. The complexity of the information in the Announcement and the need to verify the accuracy of various statements therein necessitating consultation with, amongst others, parties domiciled in Canada and Tanzania. The Board complete the Announcement as quickly as it could in the circumstances and acted without delay when lodging a draft of the Announcement with ASX that same day.
 - v. Prior to market open on Tuesday, 25 June 2019 , the Company lodged the Announcement on the Market Announcements Platform and the Company's securities were reinstated to official quotation.

At all times the Company had complied with Listing Rule 3.1 and is of the view that the Information fell within Listing Rule 3.1A.

5. *Please confirm that VML is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms it is complying with Listing Rules and, in particular, Listing Rule 3.1.

6. *Please confirm that VML's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VML with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that the Company's responses have been authorised and approved by officers of the Company that have delegated authority from the Board to respond to ASX disclosure matters.

On Behalf of Vital Metals Limited:

Sebastian Andre
Company Secretary
Vital Metals Limited



25 June 2019

Reference: 03620

Mr Sebastian Andre
Company Secretary
Vital Metals Limited

By email

Dear Mr Andre

Vital Metals Limited (“VML”): Aware Query

ASX refers to the following:

- A. The change in price of VML’s securities from a low of \$0.011 at close on Friday, 14 June 2019, to a high of \$0.0135 prior to the Trading Halt (defined below) on Monday, 17 June 2019, and the significant increase in the volume of VML’s securities traded between 14 June 2019 and 17 June 2019 prior to the Trading Halt.
- B. The pause in trade of VML’s securities released on ASX’s Market Announcements Platform (“MAP”) at 12.01 pm AEST on Monday, 17 June 2019, and the trading halt request that same day, released on MAP at 12.25 pm AEST (“Trading Halt”).
- C. VML’s announcement entitled “*Vital to Transform into Rare Earth Oxide Developer*” lodged on MAP and released at 09:55 AM AEST on 25 June 2019 (the “Announcement”), disclosing, among other things, that VML has entered into a binding term sheet to acquire Cheetah Resources Pty Ltd (“Information”).
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- E. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks VML to respond separately to each of the following questions and requests for information:

1. Does VML consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did VML first become aware of the Information? In answering this question, please specifically address:
4. If the answer to question 1 is "yes" and VML first became aware of the Information before VML requested the Trading Halt on 17 June 2019, did VML make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe VML was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps VML took to ensure that the information was released promptly and without delay.
5. Please confirm that VML is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that VML's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VML with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 5:00 PM **AWST Friday, 28 June 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, VML's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require VML to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

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- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to VML's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that VML's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in VML's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)