

VITAL SIGNS KEY DEVELOPMENT & SUPPLY CONTRACTS SET TO BE NEXT REO PRODUCER

Highlights

- **Mining Services Memorandum of Understanding (MOU) with Det'on Cho Nahanni Construction Ltd as the preferred Mining Services Contractor for the Project.**
- **Aurora Telecom Services Limited appointed to construct an ice road from Yellowknife to its Nechalacho Rare Earth Project to enable the mobilisation of plant and equipment.**
- **A supply contract has been signed with TOMRA for the supply of a COM Tertiary XRT sorting machine.**
- **Site establishment works to commence following the mobilisation of plant and equipment in February/March 2020**
- **Off-take negotiations underway with global REO refiners**
- **Vital set to be North America's next rare earth concentrate producer**

Vital Metals Limited (ASX:VML) ("**Vital**" or the "**Company**") is pleased to announce that, following the delivery of its 95Mt JORC Compliant Resource, complemented by excellent high grade concentration (+35% REO) and hydro metallurgy test results (96% recovery)¹, it has signed multiple development and supply contracts which will assist it in rapidly becoming North America's next rare earth mining company.

Cheetah (Vital's 100% owned subsidiary) has signed preferred mining contractor and ice-road construction contracts with Det'on Cho Nahanni Construction Ltd and Aurora Telecom Services Ltd respectively. These contracts allow for the mobilisation of plant and equipment to site over the winter to enable site establishment works to be completed in preparation for operations to commence in 2020.



Signing Ceremony with representatives from Cheetah Resources, Det'on Cho Corporation, First Nation and GNWT and Canadian government

¹ See ASX announcements December 5 and 13, 2019

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Commenting on the significance of these agreements Vital Metals' Managing Director, Geoff Atkins said *"The signing of these agreements marks an important milestone in the development of the Nechalacho Rare Earth project as they provide the foundations for enabling Vital Metals to become a producer of rare earths in 2020 through the processing of material from the North T zone.*

These contracts and agreements also provide prospective customers with a far greater level of confidence in potential delivery dates to progress offtake negotiations. Further, by confirming the use of sensor-based ore sorting technology to produce a concentrate will remove the requirement for traditional reagents, process water and tailing facilities used in typical ore beneficiation."

Memorandum of Understanding with Det'on Cho Nahanni Construction Limited

Vital Metal's 100% Subsidiary Cheetah Resources has signed a MOU selecting Det'on Cho Nahanni Construction Ltd as the preferred Mining Services Contractor to establish the Project in 2020 with the mining of material from the North T Zone. Cheetah and Det'on Cho Nahanni will use best efforts to conclude a mining services contract by February 29th, 2020.²

Chief Ernest Betsina spoke to the significance of the event: *"The near surface mining of Rare Earth Minerals by Cheetah Resources is an important project with territorial and potentially national relevance. Today, Cheetah and Det'on Cho Nahanni have set an important new benchmark for indigenous participation in major projects for the Northwest Territories. Today is a good day, we look forward to developing our relationship with Cheetah over the coming months and continuing to be economic leaders for the Northwest Territories."*

Speaking at the Ceremony, Katrina Nokleby, Minister of Industry, Tourism and Investment said: *"This contract marks a step forward in our territory's push for Indigenous resource leadership. I want to congratulate the Yellowknives' Det'on Cho Corporation for characteristically taking the lead on a big idea, and commend Cheetah Resources for their commitment to placing Indigenous peoples at this project's core."*

Aurora Telecom Services Limited to Construct Ice Road

Aurora Telecom Services Limited (ATSL), an experienced local firm, has been appointed to construct an ice road from Dettah (5km from Yellowknife) to the Nechalacho Rare Earth Project site during the current Canadian winter. This will enable the mobilisation of plant and equipment to occur in February/March this year and allow site establishment works to

² Det'on Cho Nahanni Construction Ltd. is 51% or more owned by Det'on Cho Corporation who in turn are owned by the Yellowknives Dene First Nation.

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be completed to enable the potential commencement of operations to occur in 2020. ATSL has previously undertaken the construction of an ice road between Yellowknife and Nechalacho for its previous owner.

ATSL will pioneer and profile a route from the Dettah end of the existing Dettah ice road to the shoreline in the Hearn Channel where the all season Thor Lake (Nechalacho) overland access starts.

Purchase of Ore Sorter from TOMRA

Following the excellent results achieved from the recently completed ore sorting testwork which produced a high grade (+35%) concentrate, the Company is pleased to advise the issuance of a Purchase Order to acquire COM Tertiary XRT 1220/B ore sorting equipment from TOMRA Sorting Inc for CAD\$1.4M. This is same machine which was used in testwork at SRC to produce the high grade product as announced 5th December 2019.

The Purchase Order includes supply, installation, commissioning and spare parts. Delivery of the sorter to Yellowknife is scheduled for June 2020.

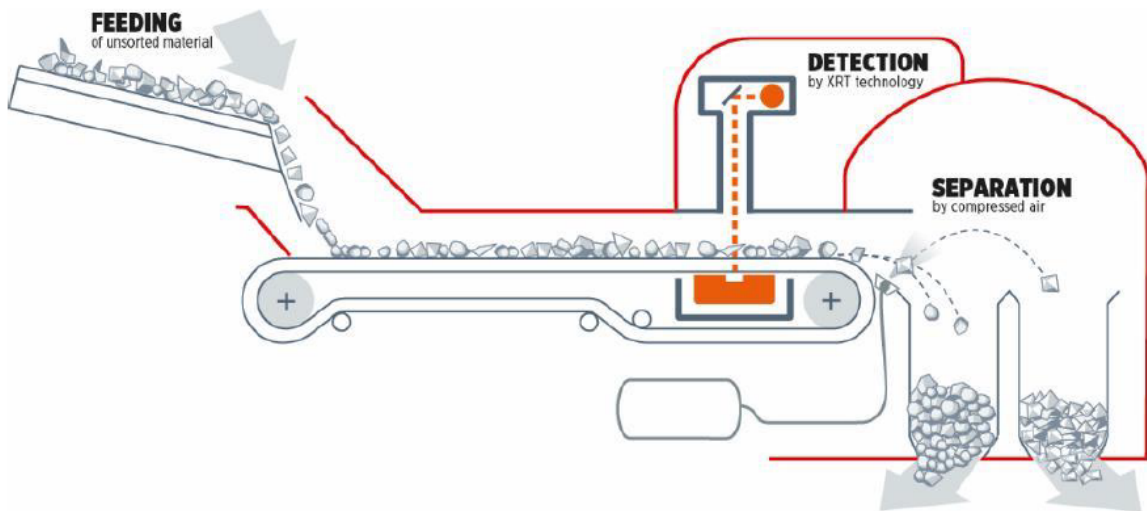


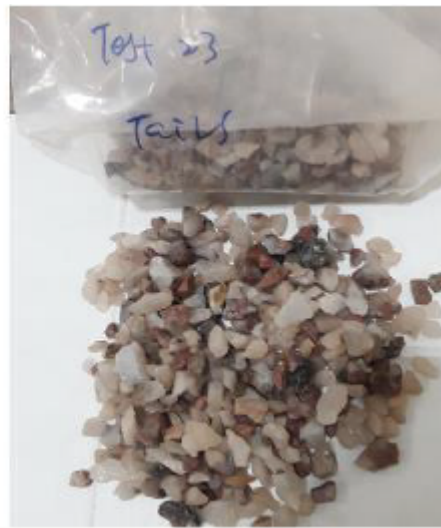
Figure 1: Schematic of Ore Sorting Process

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Figure 2: Schematic of Ore Sorter, in place with support structure.

The ore sorting testwork highlighted that the Nechalacho REO Project is one of the few and the first REO project to successfully use ore sorting to produce a high grade +35% REO concentrate without the use of reagents and water. This will substantially reduce the cost and the lead time to bring the Nechalacho REO project into production.



Acquisition of the Ore Sorter and agreement with ATSL are fully funded out of the Company's cash on hand.

Offtake Negotiations

Following the successful testwork completed in December 2019, the Company has engaged with several potential global offtake refiners and is negotiating terms for supply. The Company will provide further updates by way of announcement when negotiations progress to a binding offtake agreement.

ENDS

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

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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

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 JORC Compliant Resource of 94.7Mt at 1.46% REO (25% NdPr).

Wigu Hill Project

The Company has signed a project development and option agreement with Montero Mining & Exploration Ltd, to acquire and develop the Wigu Hill Project located near Kisasi in Tanzania following the receipt of a Mining Licence.

The Wigu Hill project is a light rare earth element deposit and consists of a large carbonite complex with bastnaesite mineralisation with a NI 43-101 Inferred resource estimate of 3.3Mt at 2.6% LREO5 including 510,000t @ 4.4% LREO5 on 2 of 10 possible drill targets.

Nahouri Gold Project – Burkina Faso

The Nahouri Gold Project (100% Vital) is located in southern Burkina Faso. The Project is made up of three contiguous permits; the Nahouri, Kampala and Zeko exploration permits. The Project is located in highly prospective Birimian Greenstone terrain with 400 sq km of contiguous tenements lying on the trend of the Markoye Fault Corridor.

Aue Project – Germany

The Aue Project (100% Vital) is located in the western Erzgebirge area of the German state of Saxony. The permit, comprising an area of 78 sq km is located in the heart of one of Europe's most famous mining regions surrounded by several world class mineral fields. Historical mining and intensive exploration work carried out between from the 1940s and 1980s showed high prospectivity of the Aue permit area for cobalt, tungsten, tin, uranium and silver mineralisation.

Investors should note that the Mineral Resource estimate for the Wigu Hill Rare Earth Project is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify this foreign estimate as a mineral resource in accordance with the JORC Code and it is uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code.

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, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement.

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