

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

VITAL METALS LIMITED

ABN

32 112 032 596

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Ordinary shares<br>Unlisted options  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 1. 60,000,000 ordinary shares<br>2. 86,153,846 unlisted options (see terms in schedule 1)<br>3. 50,000,000 unlisted options (see terms in schedule 2)<br>4. 12,000,000 unlisted options (see terms in schedule 3)<br>5. 15,000,000 unlisted options (see terms in schedule 4)  |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Fully paid ordinary shares<br>2. Unlisted options exercisable at \$0.01625 per share expiring 31 December 2018<br>3. Unlisted options exercisable at 2 cents and expiring 30 April 2021<br>4. Unlisted options exercisable at 2.3 cents and expiring 30 April 2021<br>5. Unlisted options exercisable at 2.3 cents and expiring 30 April 2021 |

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary shares – Yes Unlisted options - No</p>
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> <li>1. 48,000,000 in lieu of \$600,000 debt reduction to Macquarie Bank; 12,000,000 to Directors at 1.25 cents per share</li> <li>2. Nil</li> <li>3. \$0.0001 per option</li> <li>4. Nil – director incentive</li> <li>5. Nil – director incentive</li> </ol>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<ol style="list-style-type: none"> <li>1. 48,000,000 in lieu of \$600,000 debt reduction to Macquarie Bank; 12,000,000 to Directors at 1.25 cents per share to fund exploration</li> <li>2. Macquarie convertible loan facility</li> <li>3. Broker services</li> <li>4. Director incentive</li> <li>5. Director incentive</li> </ol>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>25 November 2016</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Shareholder meeting on 2 May 2017 approved: 1. 60,000,000 ordinary shares 2. 86,153,846 unlisted options 3. 50,000,000 unlisted options 4. 12,000,000 unlisted options 5. 15,000,000 unlisted options				
6f	Number of +securities issued under an exception in rule 7.2	Nil				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1: 158,362,684 7.1A: 105,575,123				
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	12 May 2017				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>1,055,751,226</td> <td>Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	1,055,751,226	Ordinary shares
Number	+Class					
1,055,751,226	Ordinary shares					

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	9,687,133	4 cent options expiring 24 November 2017
		68,181,818	4.4 cent options expiring 30 June 2017 (VMLAB)
		14,096,763	Unlisted options exercisable at 2.7 cents expiring 25 November 2018
		86,153,846	Unlisted options exercisable at 1.625 cents expiring 31 December 2018
		50,000,000	Unlisted options exercisable at 2 cents expiring 30 April 2021
		12,000,000	Unlisted options exercisable at 2.3 cents expiring 30 April 2021
		15,000,000	Unlisted options exercisable at 2.3 cents expiring 30 April 2021
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	

+ See chapter 19 for defined terms.

- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has security holders who will not be sent new offer documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders
- 25 If the issue is contingent on security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and offer documents will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders

- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a)  <sup>+</sup>Securities described in Part 1
- (b)  All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000

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<sup>+</sup> See chapter 19 for defined terms.

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100,001 and over

37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<input type="text"/>	<input type="text"/>

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .....Date: 12 May 2017  
Company secretary

Print name: Ian Hobson

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12. Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	345,836,576
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>61,733,471 (Rights Issue 30 June 2016)</p> <p>43,100,877 (Rights Issue shortfall 7 July 2016)</p> <p>39,900,163 (Placement 17.05.2016, approved by shareholders 19 July 2016)</p> <p>32,817,901 (Placement 17 May 2016 approved by shareholders 19 July 2016)</p> <p>1,132,821 (Placement to directors approved by shareholders 19 July 2016)</p> <p>68,446,667 (Placement 23 August 2016, approved by shareholders 25 November 2016)</p> <p>2,000,000 (Placement 7 December 2016, approved by shareholders 25 November 2016)</p> <p>140,000,000 (Placement 27 March 2017, approved by shareholders 2 May 2017)</p> <p>260,000,000 (Placement 9 May 2017, approved by shareholders 2 May 2017)</p> <p>60,000,000 (Placement 12 May 2017, approved by shareholders 2 May 2017)</p>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	1,055,751,226

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<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	158,362,684
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“C”</b>	<b>Nil</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	158,362,684
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<b>Total [“A” x 0.15] – “C”</b>	158,362,684 <i>Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,055,751,226
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	105,575,123
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	Nil

+ See chapter 19 for defined terms.

<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
"A" x 0.10  <i>Note: number must be same as shown in Step 2</i>	105,575,123
<b>Subtract "E"</b>  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> ["A" x 0.10] – "E"	105,575,123

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+ See chapter 19 for defined terms.

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## SCHEDULE 1 – TERMS OF MACQUARIE OPTIONS

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The Options to be issued pursuant to this Resolution will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.01625 (“**Exercise Price**”).
3. Each Option entitles the holder to subscribe for one Share in Vital Metals Limited ACN 112 032 596 (“**Company**”) upon the payment of the Exercise Price per Share subscribed for.
4. The Options will vest immediately on the issue date.
5. The Options will lapse at 5.00 pm, Western Standard Time on 31 December 2018 (“**Expiry Date**”).
6. In order to Exercise, the Optionholder must deliver to the registered office of the Company in Australia a notice in writing in the form set out in Annexure B of the Facility Agreement stating the Optionholder’s intention to exercise all or a specified number of Options (“**Notice of Exercise**”).
7. Any Notice of Exercise must:
  - (a) if clause 9.5(2) of the Facility Agreement applies, incorporate an undertaking by the Optionholder to promptly remit, to an account nominated by the Company, payment in the amount of that part of the Aggregate Exercise Price (as defined in the Facility Agreement) for those Options that are to be Exercised which will not be Converted under clause 9.5(2) of the Facility Agreement; [Clause 9.5(2) of the Facility Agreement provides that where Options are exercised the exercise price will be paid in cash, where there is no indebtedness by the Company to Macquarie Bank Limited];
  - or
  - (b) if clause 9.5(1) of the Facility Agreement applies, incorporate a written statement from the Optionholder that the Aggregate Exercise Price for those Options will be Converted under clause 9.5(1) of the Facility Agreement. [Clause 9.5(1) of the Facility Agreement provides that where Options are exercised the exercise price will not be paid in cash but will serve to reduce the amount of indebtedness by the Company to Macquarie Bank Limited]
8. The Optionholder may at its discretion exercise only some of the Options and may do so in any multiple it chooses. If it does so, this will not affect any of the Optionholder’s rights relating to the balance of the Options held by the Optionholder. The Company must issue to the Optionholder a replacement Option Certificate for the balance of any unexercised Options, and must provide this to the Optionholder by no later than the date falling 3 Business Days after the date of the relevant Exercise.
9. Following any Exercise, the Company must:
  - as soon as practicable, but in any event within 2 Business Days, issue to the Optionholder (or its nominee) the resultant Shares (free of encumbrances) that are the subject of that Exercise;
  - (b) either:
    - (i) execute and lodge with ASX a notice under section 708A(5)(e) of the Corporations Act in respect of the Shares issued on Exercise (Cleansing Notice) within 3 Business Days after the

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+ See chapter 19 for defined terms.

issue of the Shares and delivery that Cleansing Notice to the Optionholder; or

- (ii) if the Company is unable to issue a Cleansing Notice for whatever reason, within 5 Business Days after the issue of the Shares, execute and lodge with ASIC and ASX a prospectus which complies with Chapter 6D of the Corporations Act in accordance with the requirements of section 708A(11),

to ensure that all Shares issued upon exercise are freely tradeable;

- (c) deliver to the Optionholder a holding statement for the resultant Shares by 5pm (Perth time) 2 Business Days after the issue of the Shares; and
  - (d) apply to ASX for quotation of the Shares by no later than the earlier of 5pm (Perth time) 3 Business Days after the date of exercise; and the time required by the Listing Rules.
10. All Shares issued upon the exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
11. In the event of any re-organisation of the issued share capital of the Company including by way of consolidation, subdivision, reduction, return or cancellation, the rights of the Optionholder in respect of the Options will be changed to the extent necessary to:
- (a) comply with the applicable Listing Rules governing reorganisations in force at the time of the reorganisation in which case the terms and conditions applicable to the Options as contained in the Option Certificate will be construed accordingly; and
  - (b) ensure that, following that re-organisation, the Optionholder's rights in respect of the Options will not be adversely affected (including by way of issuing further options) so that the proportion the Options bear to the re-organised share capital of the Company is the same as the proportion the Options would have borne to the share capital of the Company had that re-organisation not occurred.
12. The Optionholder is entitled to participate in the issue of new Shares, or any other class of securities offered to Shareholders of the Company, to the extent that the Optionholder has exercised at any time before the record date for the purposes of determining entitlements to any such issue (record date). The Company must give the Optionholder at least 15 Business Days' written notice prior to the record date for any pro-rata issue of Shares or bonus issues or any other rights issue, however described, in order to enable the Optionholder to exercise prior to the record date and participate in the issue or offering at its discretion.
13. If the Company offers Shares by way of a pro-rata issue (except a Bonus Issue) to shareholders, the Exercise Price of an Option that is not exercised prior to the Record Date will be reduced in accordance with the formula set out in Listing Rule 6.22.2.
14. If there is a Bonus Issue to the holders of Shares then the number of Shares over which each Option that is not Exercised prior to the Record Date is exercisable will be increased by the number of Shares that the Optionholder would have received under the Bonus Issue if the Option had been Exercised before the Record Date for the Bonus Issue.

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+ See chapter 19 for defined terms.

15. The Company warrants and must ensure that there is no relevant restriction under its constitution, any Statute or other law which will prevent the Optionholder from Exercising the Options.
16. The Optionholder may:
  - (a) at any time and in its absolute discretion assign or otherwise transfer any or all of the options without the consent of the company to a related body corporate; and
  - (b) otherwise, assign or transfer any or all of the Options with the Company's consent (not to be unreasonably withheld),

provided that the offer or invitation giving rise to the assignment or transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act. If the Optionholder assigns or transfers any or all Options, each reference to the Optionholder in the Option Certificate will be deemed to include reference to the assignee or transferee of the Options.

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+ See chapter 19 for defined terms.

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## SCHEDULE 2 – TERMS OF BROKER OPTIONS

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The Options to be issued pursuant to these resolutions will be issued on the following terms:

1. Each Option shall be issued for \$0.0001.
2. The exercise price of each Option will be 2 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Vital Metals Limited ACN 112 032 596 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will vest on the issue date.
5. The Options will lapse at 5.00 pm, Western Standard Time on 30 April 2021 ("**Expiry Date**").
6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. Quotation of the Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

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+ See chapter 19 for defined terms.



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### **SCHEDULE 3 – TERMS OF NON-EXECUTIVE DIRECTOR OPTIONS**

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The Options to be issued pursuant to these resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 2.3 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Vital Metals Limited ACN 112 032 596 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Non-executive Director Options will vest when the Company Reports on ASX (in accordance with ASX Listing Rule 5 and the JORC Code 2012), an *Inferred, Indicated* or *Measured Resource* in relation to its Burkina Faso Gold Projects of no less than 1,000,000 ounces of contained gold.
5. The Options will lapse at 5.00 pm, Western Standard Time on 30 April 2021 ("**Expiry Date**").
6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. Quotation of the Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

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+ See chapter 19 for defined terms.

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## SCHEDULE 4 – TERMS OF EXECUTIVE DIRECTOR OPTIONS

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The Options to be issued pursuant to these resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 2.3 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Vital Metals Limited ACN 112 032 596 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. 50% of the Executive Director Options will vest on issue and 50% will vest when the Company Reports on ASX (in accordance with ASX Listing Rule 5 and the JORC Code 2012), an *Inferred, Indicated* or *Measured Resource* in relation to its Burkina Faso Gold Projects of no less than 1,000,000 ounces of contained gold
5. The Options will lapse at 5.00 pm, Western Standard Time on 30 April 2021 ("**Expiry Date**").
6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. Quotation of the Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

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+ See chapter 19 for defined terms.

12 May 2017

## Cleansing Statement

### Notice under Section 708A(5)(e) Corporations Act

Vital Metals Limited (ASX: VML) undertook a placement of 48,000,000 ordinary shares to Macquarie Bank Limited in part reduction of a convertible loan facility for the value of \$600,000 and a placement of 12,000,000 ordinary shares to directors at a price of 1.25 cents per share to raise \$150,000 as announced on 21 March 2017 and approved by shareholders on 2 May 2017. The funds raised are to enable VML to significantly ramp up exploration by committing to a 12,500 metre drilling program in Burkina Faso targeting infill and extensions of the high-grade, near-surface mineralisation along the +4km Kollo trend and newly identified gold mineralisation within over 40km of largely untested structural corridors; to part repay Macquarie Bank Limited \$1 million owing under a convertible loan facility and for general working capital purposes.

Accordingly the Company gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (the "Corporations Act") that:

1. the shares will be issued without disclosure to investors under Part 6D.2 of the *Corporations Act*;
2. as at the date of this notice the Company has complied with:
  - (a) the provisions of Chapter 2M *Corporations Act* as they apply to the Company; and
  - (b) section 674 *Corporations Act*; and
3. as at the date of this notice there is no "excluded information" (as defined in subsection 708A(7) of the *Corporations Act*) which is required to be disclosed by the Company.

Yours faithfully



Ian Hobson  
Company Secretary

For personal use only