

APPROVAL GRANTED TO COMMENCE MINING OPERATIONS AT NECHALACHO

HIGHLIGHTS

- Vital receives key government approval amendments to existing permits to enable development of North T zone
- Approvals received to operate open pit mine at North T and a crushing and ore sorting facility to produce high grade (35%+) rare earth concentrate
- Amendments to the existing Water License to accommodate the proposed operation have approved by the Mackenzie Valley Land and Water Board (MVLWB)
- All required regulatory and environmental approvals to enable the development of an operation processing material from the North T Zone are now in place enabling rare earth concentrate production once a decision to mine has been reached.

Vital Metals Limited (ASX: **VML**) (“**Vital**” or the “**Company**”) is pleased to announce that amendments to Land Use Permit MV2014D0001 and Water License MV2014L2-0001, issued by MacKenzie Valley Land and Water Board (MVLWB) to enable the development and operation of a mining and concentration operation at Nechalacho’s North T Zone have been received.

Commenting on the approvals, Vital Metals Managing Director Geoff Atkins said:

“The receipt of the amended Land Use Permit and Water License represent an important step in the development of the Nechalacho Rare Earth Project. Vital and our 100% owned subsidiary Cheetah Resources, would also like to take this time to thank the Government of the North West Territories for their support and assistance through this process. We would also like to pay particular thanks and appreciation to the Yellowknife Dene First Nation (YKDFN), North Slave Metis Alliance (NSMA), Deninu K’ue First Nation (DKFN), City of Yellowknife and Town of Hay River for Letters of Support received during the approval process. These amendments will now enable Vital to proceed in the development of what will be the first commercial rare earth project in Canada.”

Approved Scope of Works

The approved first phase of development for the Nechalacho site focuses on the North T-Zone, a clearly defined mineralised zone, approximately 2km north of the large scale operation previously proposed by Avalon. As previously announced, the JORC 2012 Mineral Resource estimate of the North T Zone comprises 105,000t @8.9% LREO using a cut-off grade of 0.3% Nd₂O₃

Bastnaesite Sub-zone	Kilo Tonnes	LREO (%)	LA2O3 (%)	CEO2 (%)	PR6O11 (%)	ND2O3 (%)
Measured	68	9.6	2.5	4.9	0.5	1.8
Indicated	33	7.8	2.0	4.0	0.4	1.5
Inferred	4	5.8	1.4	2.9	0.3	1.1
Total	105	8.9	2.3	4.5	0.5	1.6

Table 1: Light Rare Earth Mineral Resources of the North-T Zone Bastnaesite Sub-zone Nechalacho. Mineral Resource Estimation prepared in accordance with JORC 2012 under the supervision of Brendan Shand Member of the AusIMM as the Competent Person. The cut-off grade for this resource estimate of 0.3% Nd2O3 is preliminary, at pre-scoping study level, as no detailed market, metallurgical or engineering studies have been performed.

The previously cleared North T Zone will contain the open-cast surface operation, stockpiles, plant and equipment storage area. An indicative layout of the approved operations and infrastructure is shown in Figure 1. The sorting plant and equipment will be located within the boundary of the existing disturbed areas (visible in Figure 1). As the planning progresses, more detailed plans will be submitted to the MVLWB for approval as required. Borrow sites for materials such as sand or clay minerals may be required, and Quarry Permits will be obtained for these sources.



Figure 1: Approved site layout at North T Zone showing rock stockpile, ore feed, open cast pit and infrastructure

Vital will use the existing and permitted 40-person exploration camp located at Thor lake for the Project.



Figure 2: Existing exploration camp located at Thor Lake

Full submission documents may be viewed at the links below:

- Amendment Application – MV2018C0011: http://lwbors.yk.com/LWB_IMS/ReviewComment.aspx?appid=12926
- Amendment Application – MV2014D001: http://lwbors.yk.com/LWB_IMS/ReviewComment.aspx?appid=12925
- Amendment Approval MV2014L2-0001: http://registry.mvlwb.ca/Documents/MV2014L2-0001/MV2014L2-0001%20-%20NWT%20Rare%20Earths%20Ltd.%20-%20Approval%20-%20Amendment%20-%20Apr13_20.pdf

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

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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 Kisaki in Tanzania.

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.

ASX Listing Rule Information

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

The Company has previously disclosed the foreign estimates in compliance with ASX Listing Rule 5.12 in the announcement dated 25 June 2019 titled “Vital to Transform into Rare Earth Oxide Developer” (“Announcement”). The Company is not in possession of any new information or data relating the foreign estimates that materially impacts on the reliability of the estimates or the Company’s ability to verify the foreign estimates in accordance with Appendix 5A (JORC Code). The Company confirms that the supporting information provided in the Announcement continues to apply and has not materially changed.

The report contains information extracted from ASX market announcements reported previously and published on the ASX platform on 13 December 2019 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 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.

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