

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2020

Highlights:

- Ultra-high grade, near-surface REO intersections received at North T zone at Nechalacho. Best results include:
 - 2.4m at 38.4% total rare earth oxides (TREO) (8.1% Nd Pr) from 13m
 - 5.1m at 22.9% TREO (5.2% Nd Pr) from 12m
 - 5.4m at 19.0% TREO (4.3% Nd Pr) from 2m
 - 2.4m at 29.6 %TREO (6.9% Nd Pr) from 26m
- 210% increase in resource size and grade at North-T Zone to 105,000t at 8.9% LREO (2.1% NdPr) (measured and indicated) being one of the world's highest-grade rare earth resources
- Key development and supply contracts signed bringing the Nechalacho rare earths projects closer to production
- Mining Services Memorandum of Understanding (MOU) with Det'on Cho Nahanni Constructions Ltd as the preferred Mining Services Contractor
- Leading world expert in rare earth processing Tony Hadley joined VML as Chief Operating Officer

Vital Metals Limited (ASX: VML) (**Vital** or the **Company**) is pleased to report on its activities during the March 2020 Quarter ("Quarter") following the delivery of its 95mt JORC Compliant Resource and its excellent concentration (+35% REO) and hydro-metallurgical test results (96% recovery) during the December quarter.

NECHALACHO RARE EARTHS PROJECT (JORC RESOURCE: 94.7MT @ 1.46% REO)

Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level, containing a mineral resource of high-grade light rare earths, very close to surface with excellent potential for low cost extraction.

During the quarter, the Company announced a significant increase in resource size and grade at the North-T, Nechalacho site which is another step toward Vital becoming North America's next rare earth mining company. The JORC 2012 Mineral Resource estimate of the North T Zone Bastnaesite Sub-zone comprises 105,000t @ 8.9% LREO using a cut-off grade of 0.3% Nd₂O₃. (See Table 4 for the details).

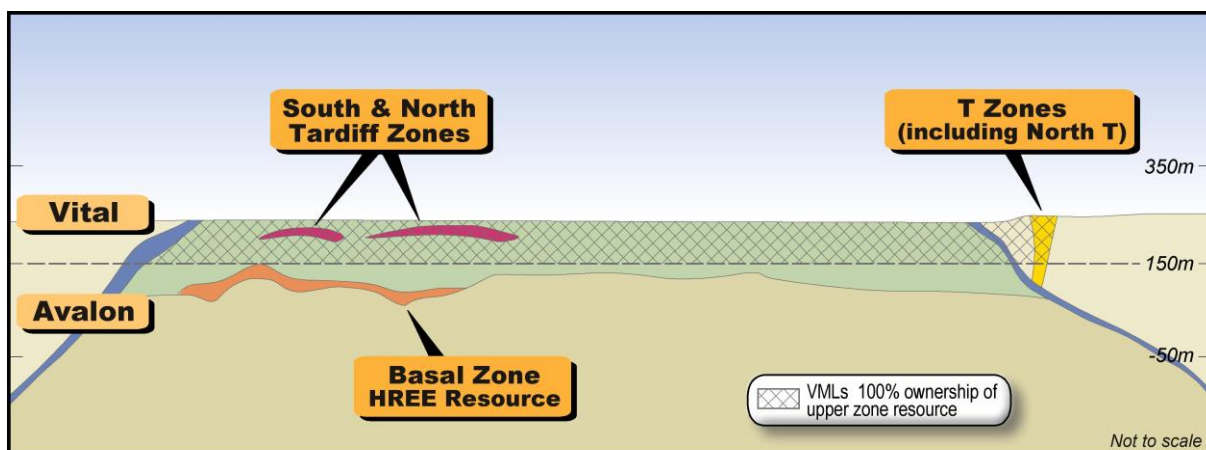


Figure 1. Cross section depicting ownership zones of Nechalacho Rare Earth Project with Vital owing 100% of the Upper Zone Resource depicted in this release and Avalon Advanced Metals owning the Basal Zone (not the subject of this release).

Initial areas of interest for Cheetah are the North T Zone and the high grade Tardiff Zones, which lie within the larger Upper Zone.

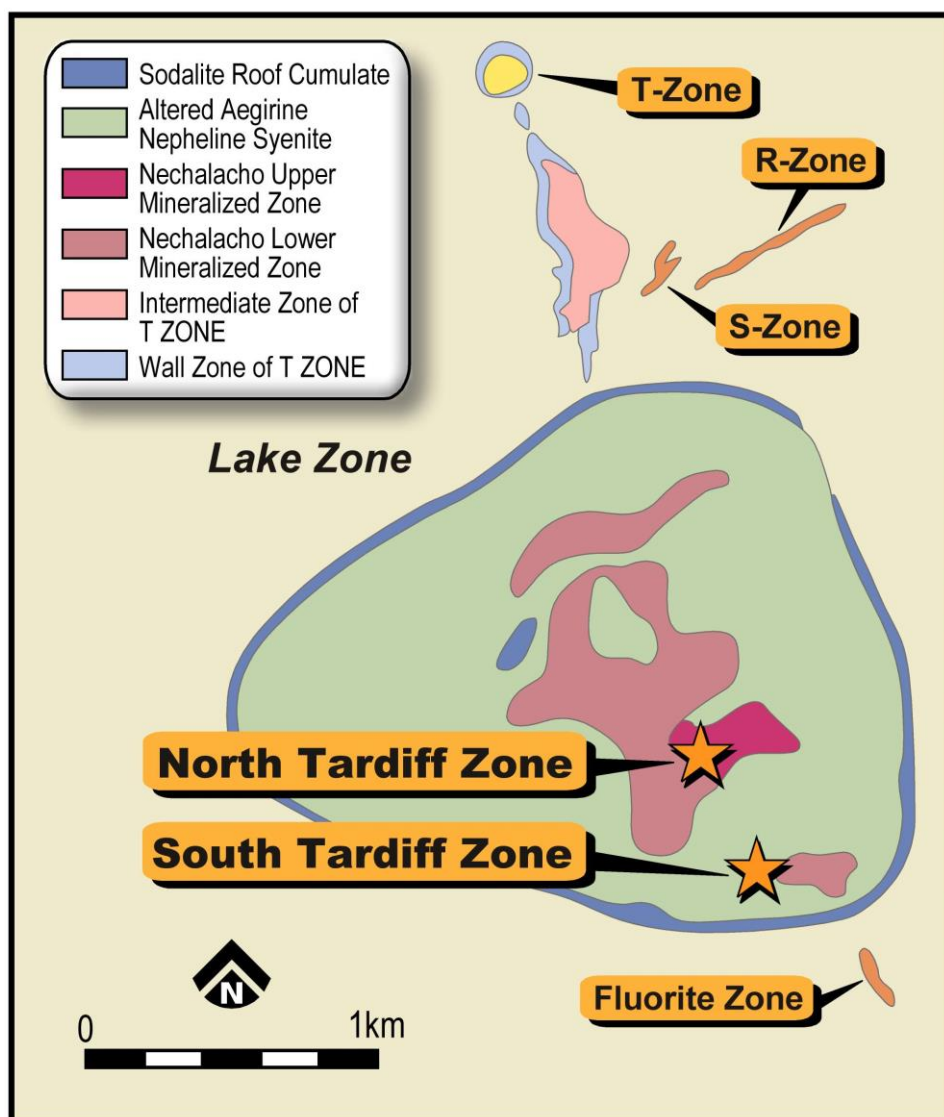


Figure 2: Location of North T Zone with respect to Upper Zone

The Upper Zone is estimated to contain combined measured, indicated and inferred mineral resources of **94.7 MT grading 1.46% REO including 0.29% Nd₂O₃** at a cutoff grade of 0.1% Nd₂O₃ above the 150 m elevation level.

Within the Upper Zone, the high grade Tardiff Zones, have been estimated to contain combined measured, indicated and inferred mineral JORC 2012 Resource of **3.19 MT @ 2.4% TREO** using a cutoff grade of 0.3% Nd₂O₃ (Table 2). The Tardiff Zone resources are contained within the Upper Zone resource of the Nechalacho deposit.

Upper Zone JORC Resource Table

Confidence Category	ND2O3 cutoff grade	Tonnage	REO	LREO	HREO	ND2O3	PR6O11	NdPr:TREO
	%	Mt	%	%	%	%	%	%
Measured	0.3	1.094	2.004	1.817	0.186	0.394	0.106	25.0%
	0.1	2.914	1.468	1.326	0.142	0.288	0.077	24.9%
Indicated	0.3	6.246	1.928	1.762	0.166	0.380	0.102	25.0%
	0.1	14.662	1.508	1.372	0.137	0.295	0.080	24.9%
Inferred	0.3	30.945	1.797	1.637	0.161	0.360	0.094	25.3%
	0.1	77.159	1.456	1.323	0.133	0.291	0.077	25.3%
Measured, Indicated and Inferred	0.3	38.285	1.825	1.662	0.162	0.364	0.096	25.2%
	0.1	94.735	1.464	1.330	0.134	0.291	0.078	25.2%

Table 1: Rare Earth Resources in the Upper Zone, Nechalacho deposit. Mineral Resource Estimation prepared in accordance with JORC 2012 under the supervision of Dr. William Mercer, registered Professional Geoscientist (P. Geo.) in the Northwest Territories and Ontario, Canada, as the Competent Person. The preferred cutoff grade for this resource estimate is preliminary, at pre-scoping study level, as no detailed market, metallurgical or engineering studies have been performed. Only resource blocks located above 150 m elevation are reported.

Tardiff Zone JORC Resource Table

The criteria that were applied to select near-surface high-grade domains as a subset of the whole Upper Zone resources are as follows:

- Clusters of blocks >2% REO with sufficient tonnage and three-dimensional drilling (>3 drill holes) were identified
- Outlines around each of the four clusters of blocks >2% REO were manually digitized, draped on the topography and then extended 50m downwards to create four 3D wireframes
- Blocks within these wireframes were selected and number-coded using vertical needling with integration level 10 on a >50% basis. The selected blocks are located at <50m depth relative to the topography and include all grades enclosed.

Confidence	% Nd2O3 cutoff	Tonnage	TREO	LREO	HREO	ND2O3	PR6O11	NdPr:TREO
All 4 surface zones <50 m depth outlined by 2% TREO								
Measured	0.3	286,563	2.729	2.518	0.211	0.515	0.144	24.1%
Indicated	0.3	1,611,345	2.429	2.254	0.176	0.457	0.128	24.1%
Inferred	0.3	1,297,073	2.237	2.085	0.152	0.423	0.119	24.2%
Measured + Indicated + Inferred (JORC)	0.3	3,194,982	2.378	2.209	0.169	0.449	0.126	24.2%

Table 2: Tardiff Zones high-grade near-surface subset of the Rare Earth Resources of the Upper Zone, Nechalacho deposit. Mineral Resource Estimation prepared in accordance with JORC 2012 under the supervision of Dr. William Mercer, registered Professional Geoscientist (P. Geo.) in the Northwest Territories and Ontario, Canada, as the Competent Person. The cutoff grade for this resource estimate is preliminary, at pre-scoping study level, as no detailed market, metallurgical or engineering studies have been performed.

A drilling program is scheduled to be completed in February/March 2020 targeting the Tardiff zone with the aim to expand the above high grade zones.

North T Zone Drilling and Resampling

Nechalacho's North T Zone is high grade REO deposit about 2km north of the much larger Upper Zone. The North T Zone contains two distinct zones of REO mineralisation, a Bastnaesite Sub-zone near the surface with an underlying Xenotime Subzone (currently not included in the JORC resource). Vital Metals is considering the Bastnaesite Subzone in the North T Zone as a potential high-grade start-up operation.

As announced on 19 February 2020, Vital completed a 2019 drilling and resampling of historical drill core was carried out to define the limits of the Bastnaesite Subzone. The 2019 program was successful in redefining the zone through the extension of LREO mineralisation to the limits of the Bastnaesite Subzone and has resulted in a resource model suitable for mining studies. The combination of the new drilling and the resampling of historical drill core has defined the limits of the North T Zone bastnaesite mineralisation on a nominal 10 by 10 metre drill pattern.

The drilling and resampling program achieved some of this highest grade drill results seen in North America.

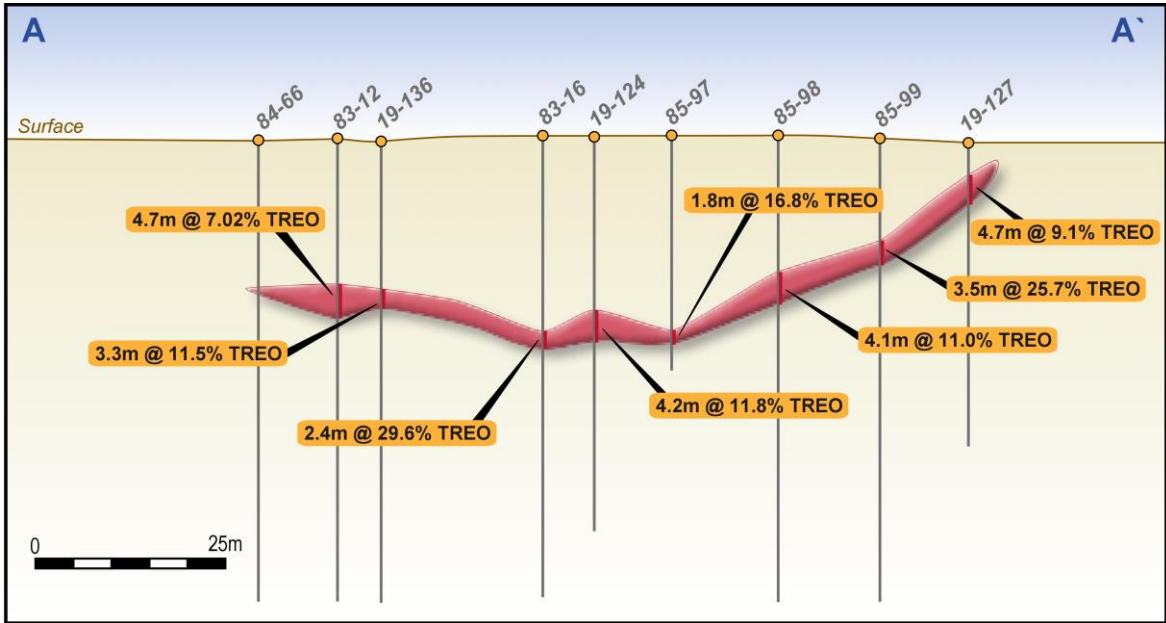


Figure 3: A typical long section through the Bastnaesite Subzone showing high grade intercepts

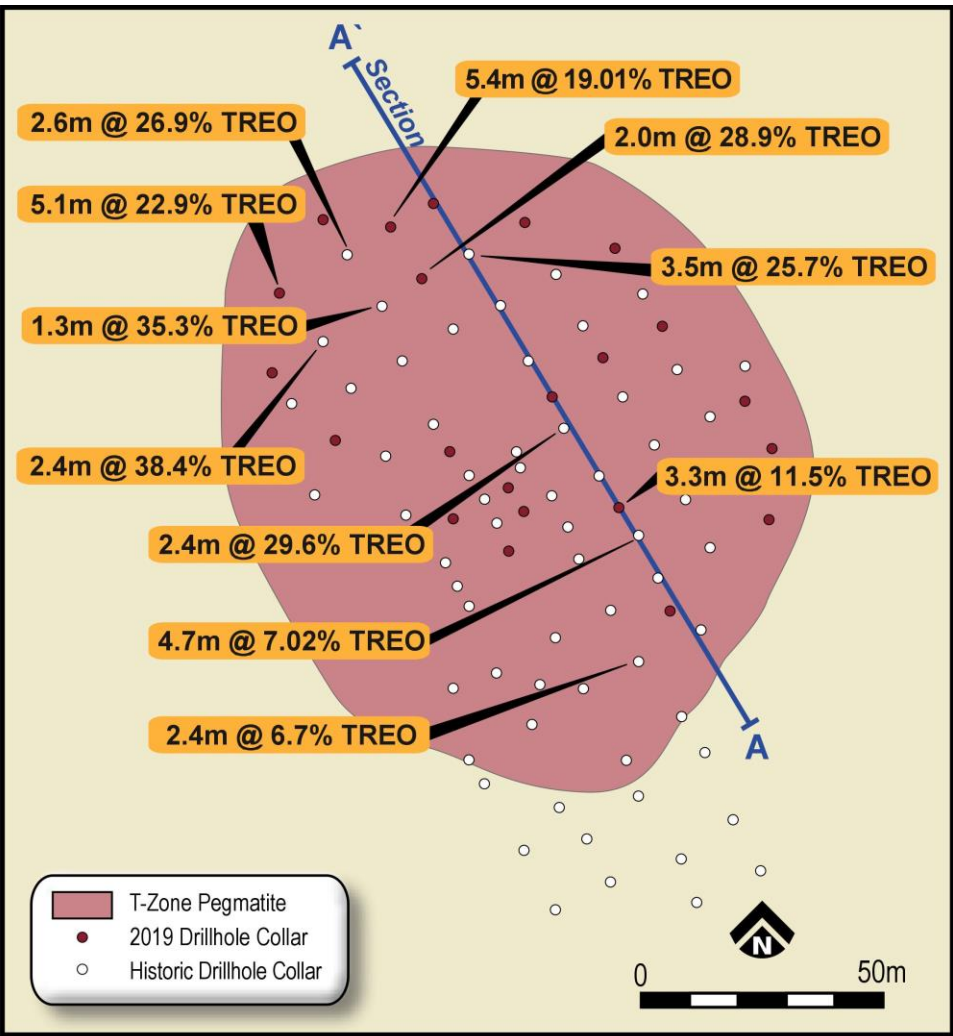


Figure 4: Drill hole collar locations and geological interpretation of the North T-Zone pegmatite

Ultra-high grade intersections at Nechalacho

During the Quarter, Vital received outstanding results from a 2019 drilling and re-assaying program at its North T resource contained within its 100%-owned Nechalacho Rare Earth Project. Significant results included 2.4m at 38.4% total rare earth oxides (TREO) from 13m, 5.1m at 22.9% TREO from 12m, 5.4m at 19.0% TREO from 2m and 2.4m at 29.6% TREO. The project boasts an impressive light rare earth oxides (LREO) resource of 94.7million tonnes at 1.46% TREO in the measured, indicated and inferred JORC 2012 categories (see ASX announcement 13 December 2019).

Hole Name	From	To	Interval (m)	TREO Grade (%)	Nd2O3/Pr6O11 (%)
83-16	26.1	28.5	2.4	29.6	6.9
84-78	16.7	18.0	1.3	35.3	8.1
85-99	13.3	16.8	3.5	25.7	5.8
85-109	4.9	7.5	2.6	26.9	5.9
85-110	13.0	15.4	2.4	38.4	8.2
19-128	2.6	8.0	5.4	19.0	4.3
19-130	2.7	4.7	2.0	28.9	6.5
19-131	12.2	17.3	5.1	22.9	5.2

Table 3: Selected high grade intervals in the Bastnaesite Subzone

North T Zone REO Mineral Resource for the Bastnaesite Subzone

Subsequent to the end of the March quarter, VML announced a new Mineral Resource for the Bastnaesite Subzone based on the new geological interpretations and validated data from the core resampling and 2019 drill program was prepared according to the 2012 version of the JORC code (Table 2). Historical assay data that was only assayed for Nd, Ce and Y has only been used to help with the geology modelling of the bastnaesite mineralisation.

The JORC 2012 Mineral Resource estimate of the North T Zone Bastnaesite Sub-zone comprises 105 kt @ 8.9% LREO using a cut-off grade of 0.3% Nd2O3. (See Table 3 for the details).

Bastnasite 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 4: 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 North T Bastnaesite Subzone is an elongated saucer shape with the outer edges of the mineralisation close to the surface and the deepest part of the mineralisation in the centre of the Subzone. The deepest bastnaesite mineralisation is approximately 45 metres below the surface.

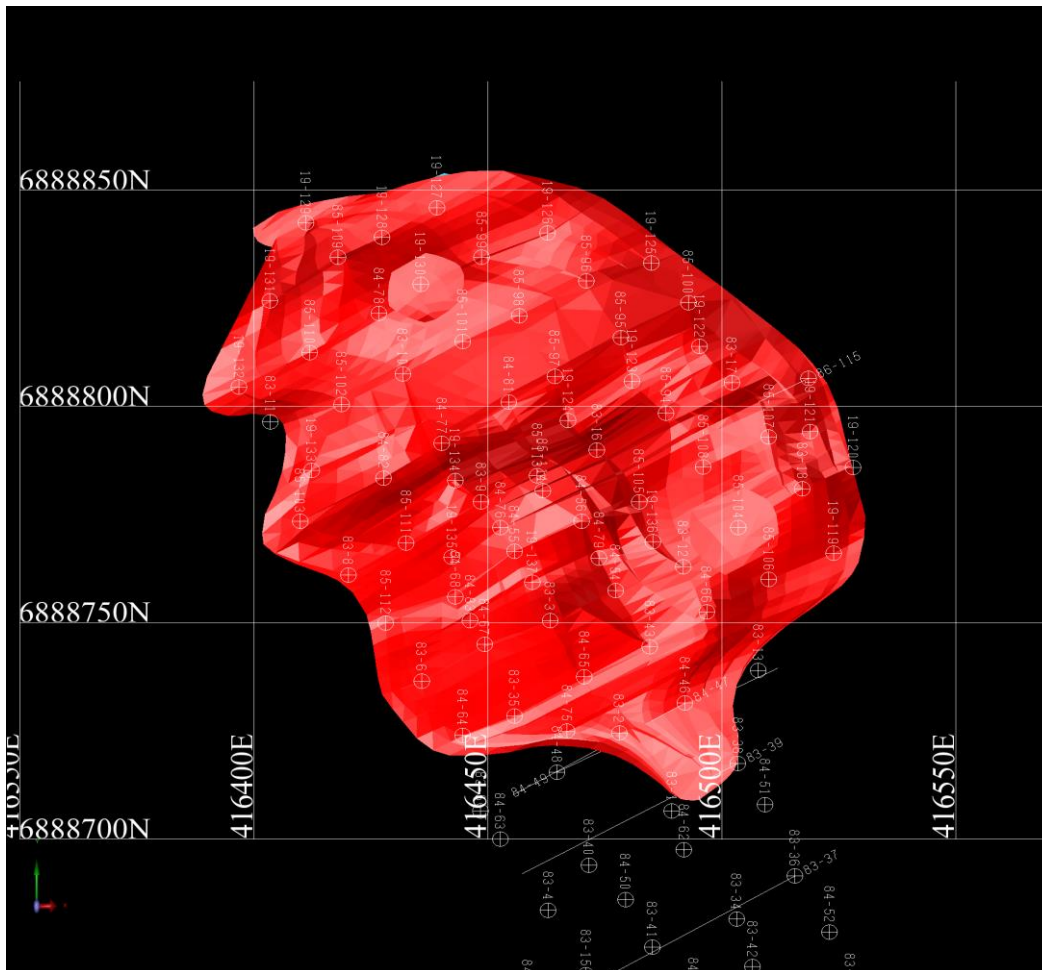


Figure 5: Plan view showing the 3D geology wireframe for the North T-Zone Bastnaesite Subzone

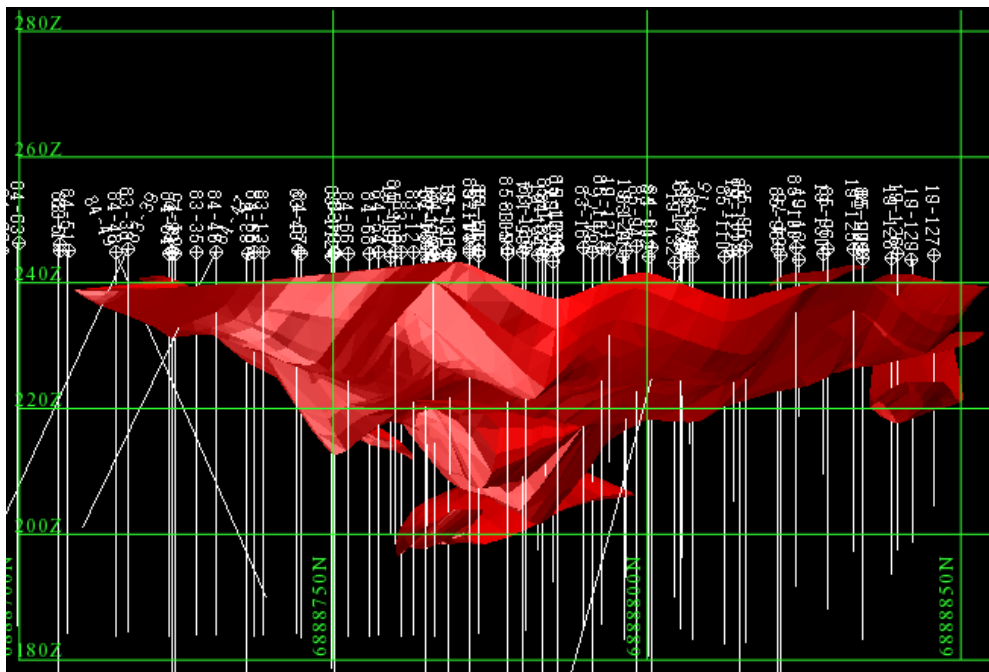


Figure 6: Long section view of the 3D geology wireframe for the North T-Zone Bastnaesite Subzone (long section view from the east)

This resource grade is consistent with samples Vital used to undertake ore-sorting testwork (see ASX announcement 5 December 2019). This testwork achieved concentrate grades of 35%+ REO via conventional ore sorting technology without the use of chemicals or water.

The cost of concentrating ore without the use of water and chemicals is substantially lower than a typical REO concentration process requiring extensive crushing, chemicals and a capital intensive cracking and leaching plant with associated tailings dam and storage facilities costs

Further, the bastnaesite mineralisation has excellent metallurgical characteristics with 97% recoveries of the rare earths into solution via sulphuric acid leach (see ASX announcement 13 December 2019).

Development Strategy

Vital Metals is progressing with its plan to bring its Nechalacho project into production. By commencing mining at the small but very high-grade North T deposit, and upgrading the ore to a >35% REO concentrate, the company anticipates it will have a low cost but high value product for sale, with minimal up-front capital cost compared to other world class rare earth projects.

During the March quarter, VML progressed the development of the Nechalacho rare earths project by signing multiple development and supply contracts which will assist it in becoming North Americas next rare earth mining company.

On Tuesday, 21st January 2020 Vital Metal's 100% Subsidiary Cheetah Resources and Det'on Cho Nahanni Construction Ltd signed a Memorandum of Understanding (MOU) with Nahanni Construction which has been selected as the preferred Mining Services Contractor.

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.



Signing Ceremony left to right: Paul Gruner President and CEO of Det'on Cho Development Corporation, Kenny Ruptash Vice President of Det'on Cho Nahanni and Principal of Nahanni Construction Yellowknives Dene First Nation Chief Ernest Betsina, Evan Cranston Director of Vital Metals Ltd. (Cheetah's parent company), David Connelly the Representative of Cheetah Resources Corporation, Yellowknife Mayor Rebecca Alty

Following the excellent results achieved from the recently completed ore sorting testwork which produced a high grade (+35%) concentrate, the Board is pleased to advise the issuance of a Purchase Order to acquire COM Tertiary XRT 1220/B ore sorting equipment from TOMRA Sorting Inc. This is the 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.

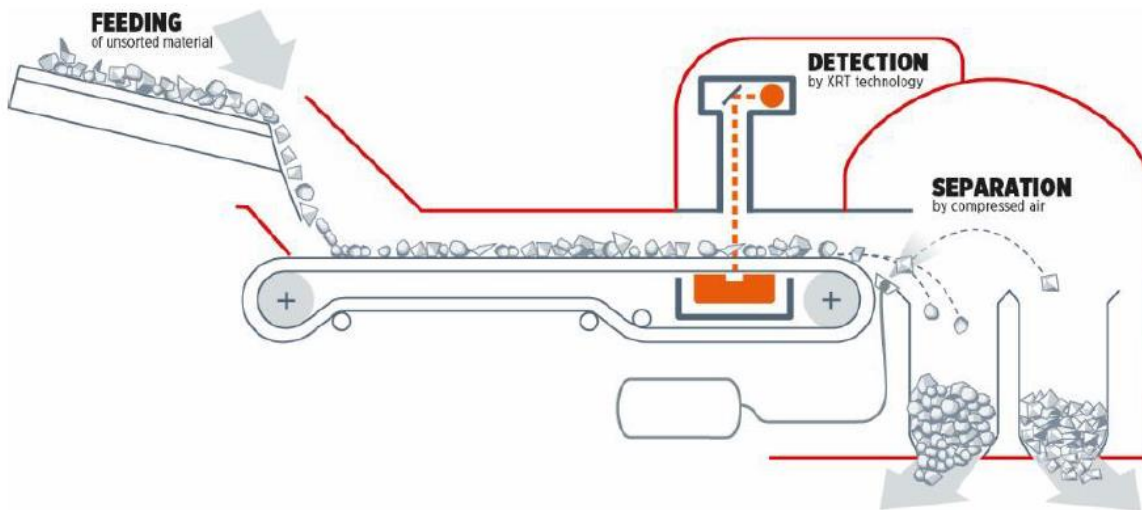


Figure 7: Schematic of Ore Sorting Process



Figure 8: 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.

WIGU HILL PROJECT

Cheetah has signed a project development and option agreement with Montero Mining & Exploration Ltd (“**Montero**”) a TSXV listed entity, to acquire all of the Intellectual Property (“IP”) rights of Wigu Hill (BVI) Ltd, a subsidiary company that owns these rights to develop the Wigu Hill Project located near Kisaki in Tanzania. Cheetah will purchase the rare earths IP rights held by Montero for C\$100,000 and fund a C\$500,000 work program within 6 months following the issuance of a mining licence.

Cheetah also has an option to acquire Montero’s remaining interests in Wigu Hill (BVI) Limited for a total consideration of C\$1,100,000 (“**Montero Agreement**”). Application for a Mining and Prospecting Licence over the area of the previous Retention Licence has been made by a local Tanzanian company, owned by Tanzanians.

On 19 December 2019, the Mining Commission of Tanzania announced the mechanism for the granting of the mining license would be via a public invitation to tender. It is noted that the introduction of this tender did not affect Vital or the agreement with Montero, as the funding of the work program and final payment of C\$1,100,000 are contingent on Montero being granted a mining licence over the area previously held under a retention licence by a subsidiary of Montero.

During the March quarter the Company has continued discussions with the Tanzanian Government regarding the issuance of a Mining Licence (ML) for the Wigu Hill rare earth project.

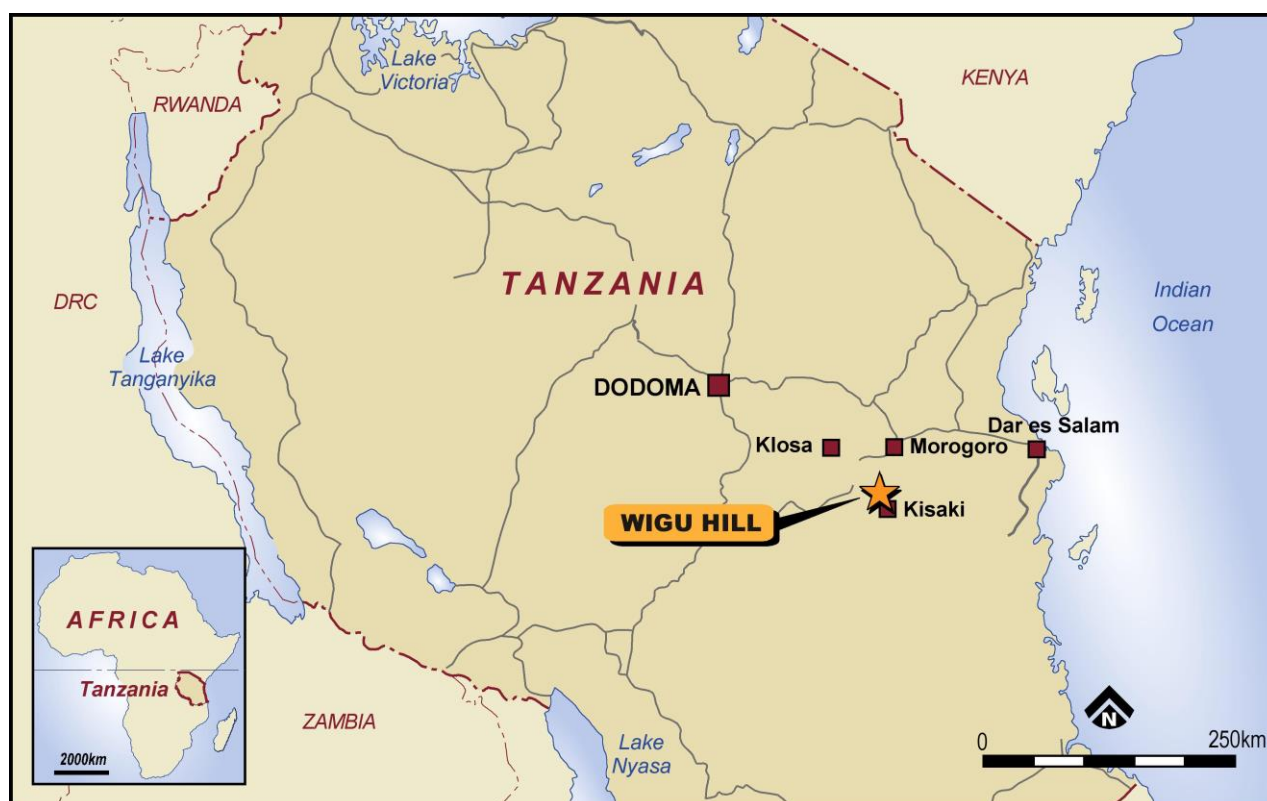


Figure 9: Location of the Wigu Hill Project

Nahouri Gold Project, Burkina Faso

Vital Metals has suspended all exploration activity in Burkina Faso. The Company notes ongoing security concerns in the country and the State of Emergency declared by the Burkina Faso government for several northern provinces, which is in place until January 2020.

Vital will provide shareholders with an update by way of ASX announcement should the situation in Burkina Faso improve and a decision to resume exploration be taken.

Aue Cobalt Project, Germany

The Aue Project 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.

During the March quarter there was no exploration activities on the Aue project.

CORPORATE

On 12 March 2020, the Company released its Half Year Report and accounts for the half year period ended 31 December 2019.

Executive and Board Changes

The Company appointed Mr Tony Hadley, former GM of Lynas Mt Weld mine and Northern Minerals' Browns Range mine, as Chief Operating Officer of the Company. Mr Hadley is regarded as one of the world's leading experts in rare earth processing outside of China, having extensive experience in operations, technical development, project design and management, engineering and commissioning.

In conjunction with the appointment of Mr Hadley and as planned, Executive Director Mr Zane Lewis stepped into a Non-executive Director role with the Company.

Cash on hand

As of 31 March 2020, the Company held \$3.49 million in cash and cash equivalents.

Related Party Payments

During the quarter the Company made payments of \$111,000 to related parties and their associates. These payments relate to existing remuneration agreements for the Managing Director, Executive and Non-Executive Directors.

COVID-19

As with other companies Covid-19 has caused some disruption to VML's activities, however development activities have continued with the Company remaining focussed on bringing the Nechalacho rare earth project into operation in the shortest possible timeframe. In keeping with Australian and Canadian Governments' advice, the Company has implemented remote working with site activities limited to essential work. On-site rostering and work practises have been adjusted to accommodate required isolation and social distancing requirements. VML is currently reviewing work programs and resourcing requirements which will enable the development of the Nechalacho rare earth project whilst considering a variety of potential consequences of travel restrictions and requirements for isolation and social distancing.

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

ENDS

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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 resource with a combined measured, indicated and inferred mineral resources of **94.7 MT grading 1.46% REO including 0.29% Nd₂O₃**.

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 Kisiwa 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.

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.

Vital Metals Limited

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Board & Management

Francis Harper
Chairman

Zane Lewis
Non-Executive Director

Phillip Coulson
Non-Executive Director

Geoff Atkins
Managing Director

Evan Cranston
Non-Executive Director

Sebastian Andre
Company Secretary

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Appendix A - Schedule of Tenements as at 31 March 2020

Location	Tenement	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Canada	Nechalacho	100%*	0%	100%	100%
Burkina Faso	Nahouri	100%	100%	0%	100%
	Kampala	100%	100%	0%	100%
	Zeko	100%	100%	0%	100%
	Aue	100%	100%	0%	100%
Canada	Nechalacho	100%	-	100%	100%

- Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level

ASX Listing Rule Information

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.

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 Company advises the following in respect to the Tranche 1 and Tranche 2 performance shares on issue during the quarter:

- there were 400,000,000 Tranche 1 performance shares and 400,000,000 Tranche 2 performance shares on issue during the quarter;
- the terms and conditions of the performance shares are set out in Schedule 2 of the notice of meeting dated 13 September 2019; and
- during the quarter, no performance shares were converted or cancelled and none of the milestones were met during that period.