VITAL METALS LIMITED

ABN 32 112 032 596

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

DIRECTORS
Evan Cranston - Non-Executive Chairman
Geoff Atkins - Managing Director
Phillip Coulson- Non-Executive Director
James Henderson- Non-Executive Director

COMPANY SECRETARY
Ms Louisa Martino

BANKER
National Australia Bank Ltd
Level 14
100 St Georges Tce
Perth, WA, 6005

AUDITORS
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, WA, 6008

REGISTERED OFFICE AND PRICIPAL PLACE OF BUSINESS
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STOCK EXCHANGE
The Company's securities are quoted on the official list of the Australian Securities Exchange Limited (ASX code: VML)

SHARE REGISTRY
Automic Registry Services
Suite 1a, Level 1
7 Ventnor Ave
West Perth, WA, 6005
Telephone: 1300 288 664

Dear Fellow Shareholders,

As your recently appointed Chairman, it gives me great pleasure to present Vital Metals Limited's 2020 Annual Report.

The past year has seen a great change for the Company. Within a twelve-month period, Vital has achieved a remarkable transformation. From a company looking for opportunities, Vital is now a rare earth development company with world class projects and a management team the envy of rare earth companies around the world.

Within these twelve months we have finalised the acquisition of the Nechalacho project and progressed its development to the point where we have procured long lead time items and are preparing the site for the commencement of operations. In an industry where normal development timelines are measured in years, to achieve this within 12 months truly is a remarkable, especially when you consider that we, along with the rest of the world have had to deal with a once in a life time pandemic which has impacted every facet of life. And this is just the beginning. It is our job now to ensure that the momentum we have built over the past 12 months is carried on over the next twelve months as we seek to enter production with further expansion to then follow.

Whilst it may be tempting to sit back and congratulate ourselves on the achievements of the past year it is vitally important that we do not let the opportunity we have slip. In January 2020 Canada and the US finalised a joint action plan on Critical Minerals. Central to this plan is developing a rare earth supply chain outside of China. This highlights the importance of rare earth minerals through their use in electric vehicles, renewable energy, defence and communications. With two World Class Rare Earth Projects, and the first new project to enter production in North America, Vital is well positioned to be a vital element of this supply chain

With Nechalacho being a near term production project located in Canada with a JORC Resource of 94.7MT at 1.46% REO, this project has the potential to cornerstone the North American rare earth supply chain. Add in the excellent infrastructure, simple, low cost processing via ore sorting and leaching and you are left with what I believe is one of the best rare earth projects in the world which is on track for operations to commence in 2021 with site preparations works underway.

Complementing Nechalacho is the Wigu Hill project located in Tanzania. Like Nechalacho, Wigu Hill has excellent infrastructure, with rail, power and water accessible within 10 kms of the project. The deposit contains large, discrete bastnaesite crystals enabling simple processing, which is similar to Nechalacho. Vital will target Wigu Hill as its second development project.

I would like to thank my fellow Board members and management as well as our in-country teams for their ongoing efforts and positive outcomes during the past year.

Finally, thank you for your continuing support and we look forward to updating you on our progress during the forthcoming year as we move forward in our quest to be the next rare earth producer with operations commencing in 2021.

Yours sincerely

Evan Cranston
Chairman

The Board of Directors present their report on the Consolidated entity (referred to hereafter as the Group) consisting of Vital Metals Limited and the entities it controlled at the end of, or during the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Evan Cranston (appointed 22 October 2019 as Non-Executive Director and appointed Chairman 4 August 2020)
Non-Executive Chairman

Mr Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations. He holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia. Mr Cranston is a former Non-Executive Director of New Century Resources Limited (ASX:NCZ) and Boss Resources Limited (ASX:BOE). He is currently Executive Chairman of African Gold Ltd (ASX:A1G), Non-Executive Chairman of Carbine Resources Limited (ASX:CRB) and Chairman and Director of TSX listed Benz Mining Corp (TSX-V:BZ).

Mr Geoff Atkins (appointed 22 October 2019)
Managing Director

Mr Atkins is a Civil Engineer with over 20 years of project and corporate development experience across commercial, industrial, mining and infrastructure sectors with responsibility for driving projects from concept, through feasibility and development to operational assets.

Mr Atkins is not a director on any other ASX listed Company.

Mr Phillip Coulson
Non-Executive Director

Mr Coulson has over 18 years of corporate advisory experience, having held senior advisory positions at Mantagu Stockbrokers and Patersons Securities Limited. He has promoted and advised numerous companies in the identification and acquisition of technology and resource projects.

Mr Coulson is not a director on any other ASX listed Company.

Mr James Henderson (appointed 4 August 2020)
Non-Executive Director

Mr Henderson is currently Executive Chairman of Transocean Group Pty Ltd, a corporate advisory and private equity group focused on the emerging company market. His expertise is in the area of corporate strategy and structuring, capital raising and commercial negotiation.

Mr Henderson has led teams on a variety of transactions including mergers, acquisitions, dispositions, takeovers, and capital raisings particularly in Australia, Canada, the USA and Africa and was a founding shareholder in Cheetah Resources Pty Ltd.

Mr Henderson is also a Non-Executive Director of Compass Gold Corporation (TSX-V:CVB).

Mr Francis Harper (resigned 4 August 2020)
Non-Executive Chairman

Mr Harper has extensive experience in West African mining, having served as Chairman and as a major shareholder of West African Resources Limited between 2009 and 2015.He is also a founding director of Blackwood Capital, which has raised over $1 billion for smaller companies over the last 15 years.

Mr Harper is also non-executive Chairman of Tietto Minerals Limited (ASX: TIE).

Mr Zane Lewis (resigned 4 August 2020)
Executive Director

Mr Lewis has over 20 years' experience and leadership of smallcap multinational companies. His hands-on skillset includes corporate advisory, non-executive director and Company Secretary roles at several ASX Listed and unlisted companies as well as extensive international experience managing a group of Software and Tech companies in USA, Europe, Hong Kong, China and Australia.

Mr Lewis is a director of Lion Energy Limited (ASX:LIO), Kingsland Global Ltd (ASX:KLO), Tap Oil Limited (ASX: TAP), Flamingo AI Limited (ASX:FGO) and Fraser Range Metals Limited (ASX: FRN).

Mr Peter Cordin (resigned 25 September 2019)
Non-Executive Director

Mr Cordin is a civil engineer with over 40 years' experience in the evaluation and operation of resource projects within Australia and overseas. He is the former Executive Chairman of Dragon Mining Limited which operated gold mines in Sweden and Finland. He has direct experience in the management of diamond and gold operations and has been involved in the development of resource projects in Kazakhstan and New Caledonia.

Mr Cordin is also a non-executive director Aurora Minerals Limited and was formerly a director of MC Mining Limited (ASX: MCM).

COMPANY SECRETARY

Ms Louisa Martino (appointed 1 July 2020)
Company Secretary

Lousia Martino has a Bachelor of Commerce from the University of Western Australia, is a member of the Institute of Chartered Accountants Australia & New Zealand and a member of the Financial Services Institute of Australasia (FINSIA). She provides a number of listed companies with company secretarial services and has worked within corporate finance, assisting with company compliance and capital raisings. Ms Martino holds the position of Company Secretary for listed companies PYX Resources Ltd, Cokal Ltd, Jadar Resources Ltd, and Oklo Resources Ltd.

Mr Sebastian Andre (resigned 30 June 2020)
Company Secretary

Sebastian Andre is a Chartered Company Secretary with 8 years of experience as a senior adviser at the ASX. Sebastian is a company secretary of a number of listed entities and provides significant insight into compliance frameworks. Mr. Andre advises the boards and executives of ASX listed entities on a range of matter aimed at minimising compliance risk and maximising corporate efficiency. He holds a Bachelor of Commerce in Accounting and is a member of the Governance Institute of Australia.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were mineral exploration in Burkina Faso, Tanzania, Germany and Canada.

FINANCIAL POSITION

The Group's net assets at 30 June 2020 were $15,743,525 (30 June 2019: $12,717,331).

The Directors consider that the Group is in a strong and stable financial position to continue and grow its existing activities.

REVIEW OF OPERATIONS

Vital Metals Limited (ASX:VML) is an explorer and developer focussing on rare earths, technology metals and gold projects. The Company's projects are located across a range of jurisdictions in Canada, Africa and Germany.

On 25 June 2019, the Company announced that it had entered into a binding terms sheet to acquire 100% of the issued capital in Cheetah Resources Pty Ltd (ACN 625 460 513) (Cheetah), the owner of the Nechalacho and Wigu Hill projects.

The consideration payable to the vendors, proportionate to their interests in Cheetah, was satisfied by the issue of:

(i) 400,000,000 fully paid ordinary shares;

(ii) 400,000,000 Tranche 1 Performance Shares; and

(iii) 400,000,000 Tranche 2 Performance Shares,

The Tranche 1 Performance Shares will each convert to one Share on the Company entering into binding offtake for a minimum of 1,000 kgs of contained REO in respect of the Nechalacho Project or Wigu Hill Project within 2 years of the acquisition completion date.

The Tranche 2 Performance Shares will each convert to one Share on the Company commencing mining operations at the Nechalacho Project or Wigu Hill Project within 3 years of the issue of the Tranche 1 Performance Shares.

Where the Tranche 2 Milestone is satisfied, the Tranche 1 Milestone will automatically be deemed to have been satisfied.

NECHALACHO RARE EARTHS PROJECT, CANADA

Vital Metals aims to be a rare earth oxides producer, targeting production from the Nechalacho rare earth project in Canada in 2021.

During the year, the Company completed the acquisition of Cheetah Resources Pty Ltd ("Cheetah"). Cheetah owns 100% of the mineral rights of the Nechalacho Project above the 150m elevation level, containing a mineral resource of high-grade light rare earths, very close to surface with excellent potential for low cost extraction (Figure 1).

The Company is focused on initial areas of interest in the North T Zone and the high-grade Tardiff Zones, which lie within the larger Upper Zone.

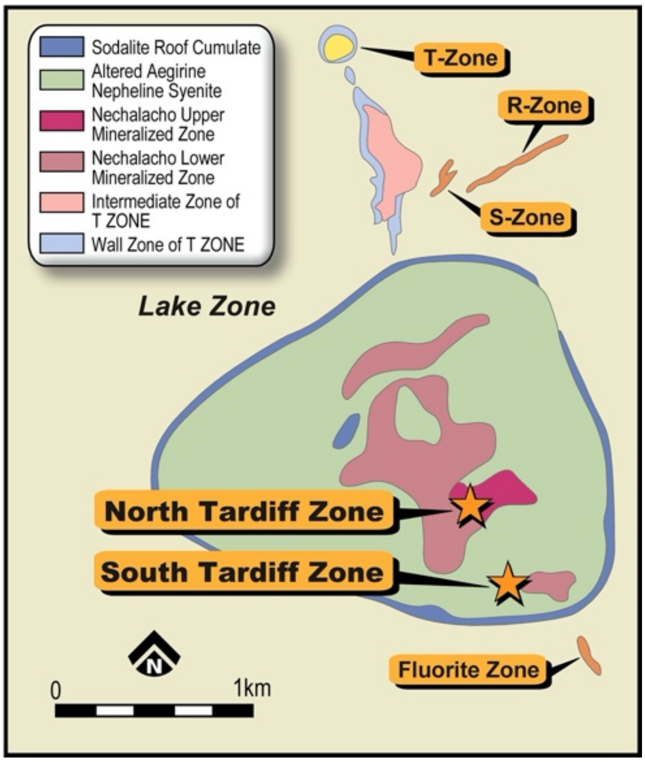


Figure 1: Nechalacho Deposit Layout

In December 2019, following a geological re-interpretation and creation of new geological wireframes, the Company completed work necessary to re-estimate and update the resource located in the Upper Zone of the Nechalacho deposit in accordance with the JORC 2012. The Upper Zone is estimated to contain combined measured, indicated and inferred mineral resources of 94.7 million tonnes grading 1.46% REO including 0.29% Nd_2O_3 at a cutoff grade of 0.1% Nd_2O_3 above the 150m elevation level.

Confidence Category	ND_2O_3 cutoff grade	Tonnage	REO	LREO	HREO	ND_2O_3	PR_6O_{11}	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: Nechalacho Upper Zone Resource

Contained within the Upper Zone, the high-grade Tardiff Zone is 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% Nd_2O_3.

Confidence	% Nd_2O_3 cutoff	Tonnage	TREO	LREO	HREO	ND_2O_3	PR_6O_{11}	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: Nechalacho Tardiff Zone Resource

North T Zone

The North T Zone of the Nechalacho Rare Earth Project is a separate deposit located approximately 2km north of the centre of the Upper Zone. The North T Zone contains two distinct zones of REE mineralisation, a bastnaesite subzone at surface with an underlying xenotime subzone.

In December 2019, Vital prepared a new resource estimate for the bastnaesite and xenotime subzones complying with JORC 2012 standards, based on new geological interpretations and a validated historic database. Although the historic assays were validated by core duplicates and the drill coverage was considered adequate, due to a lack of QAQC records for the historic assays, the resources were classed as indicated and inferred. The JORC 2012 mineral resource estimate of the bastnaesite subzone of the North T-Zone comprised 60,305 tonnes at 1.600% Nd_2O_3 with a 0.3% Nd_2O_3 cutoff grade. Historical drilling only assayed for Nd, Ce and Y.

In April 2020, the Company announced a significant increase in resource size and grade for North T. The JORC 2012 Mineral Resource estimate of the North T Zone bastnaesite subzone comprises 105,000t @ 8.9% LREO using a cut-off grade of 0.3% Nd_2O_3.

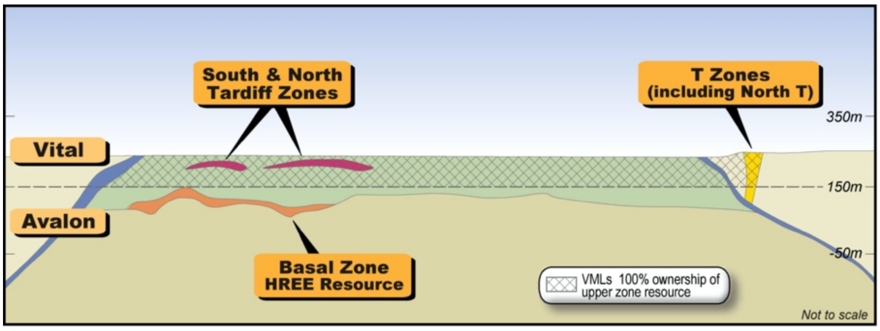


Figure 2: Location of North T Zone with respect to Upper Zone

Bastnasite Sub-zone	***Kilo Tonnes***	***LREO (%)***	***LA_2O_3 (%)***	***CEO_2 (%)***	***PR_6O_{11} (%)***	***ND_2O_3 (%)***
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 3: Nechalacho North T Resource

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 45m below the surface.

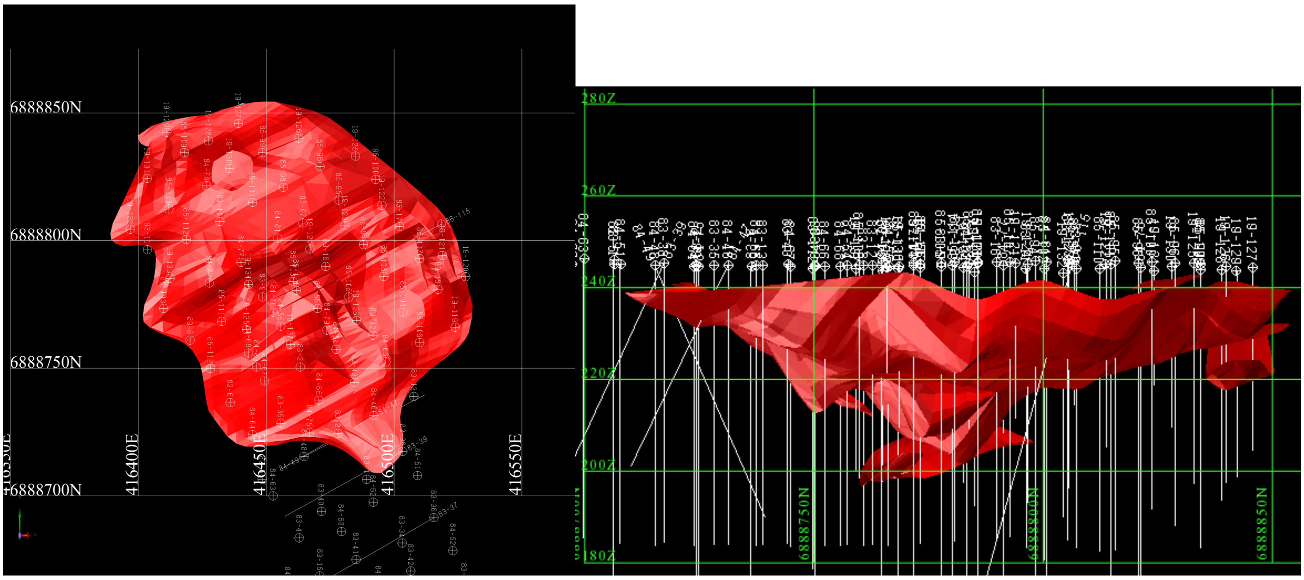


Figure 3: North T Resource Model

This resource grade is consistent with samples Vital used to undertake ore-sorting testwork, as announced in December, which achieved concentrate grades of 35%+ REO via conventional ore sorting technology without the use of chemicals or water. The bastnaesite mineralisation has excellent metallurgical characteristics with 97% recoveries of the rare earths into solution via sulphuric acid leach.

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.

Development Strategy

Vital is progressing with its plan to bring its Nechalacho project into production in 2021. 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 upfront capital cost compared to other world class rare earth projects.

Vital has progressed toward the development of the Nechalacho rare earths project by signing multiple development and supply contracts. In January 2020, Vital'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 which is owned by the Yellowknife's Dene First Nation.

Following the excellent ore sorting testwork results which produced a high grade (+35%) concentrate, Vital purchased a 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 in December.

The sorter was delivered to Vancouver in August 2020, where it is stored until it is installed on site in March 2021.

Figure 4: Tomra Ore Sorter

The ore sorting testwork highlighted that Nechalacho 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 Nechalacho project into production.

In May 2020, Vital announced it had received amendments to Land Use Permit MV2014D0001 and Water License MV2014L2-0001, issued by MacKenzie Valley Land and Water Board (MVLWB). Receipt of these permits will enable the development and operation of a mining and concentration operation at Nechalacho's North T Zone. These amendments will enable Vital to proceed in the development of the first commercial rare earth project in Canada.

The Company and subsidiary Cheetah Resources thanked 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.

The previously cleared North T Zone will contain the open-cast surface operation, stockpiles, plant and equipment storage area.

As planning progresses, Vital will need to submit more detailed plans 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. Vital will use the existing and permitted 40-person exploration camp at Thor Lake for the Project.

Key milestones to achieving commencement of production at Nechalacho in 2021 are as follows:

- Site establishment and preparation works: October 2020 and January to March 2021
- Finalisation of a mining contract: September 2020 to January 2021
- Mobilisation of mining fleet to site: February 2021
- Mining operation: April to October 2021
- Sorting operations commencing: May/June to October 2021
- Rare earth extraction facility construction commencing: February 2021
- Rare earth extraction facility operations commencing: August 2021.

Following the successful completion of ore sorting testwork on ore from the North T deposit in 2019, Vital engaged Halyard Inc to undertake detailed engineering and fabrication for the Ore Sorting Plant at Nechalacho. The Ore Sorting Plant at Nechalacho centres around the Tomra COM Tertiary XRT 1200/B Sensor Based Sorter which is mounted inside a 40ft shipping container and located on a sub-structure. In addition to the ore sorter, the Ore Sorting Plant includes:

- A feed system comprising of an ore feed hopper, ore feeder and ore feed conveyor;
- Two sets of discharge stacker conveyors – one set for ore sorter eject and one set for ore sorter non-eject; and
- Air compressor and diesel power generator.

The plant capital cost has been calculated at $3.7 million including 10% contingency.

Item	Description	AUD$ 000
1	Ore Sorter	1,395
2	Materials Handling Equipment	863
3	Generator and Air Compressor Package	590
4	Installation	215
5	Commissioning	107
6	Mobile Equipment	215
	Subtotal	**3,385**
	Contingency (10%)	338
	Total	**3,723**

Table 4 Ore Sorting Capital Cost

Operating costs shall be incurred on a seasonal basis i.e. 1,530 operating hours per year, with sorter throughput to be maximised during the available timeframe to reduce per tonne costs.

The Company signed a binding term sheet with SRC (Saskatchewan Research Council) subsequent to year end, to negotiate definitive agreements for construction of a rare earth extraction plant. The Capital Cost Estimate for the Rare Earth Extraction Plant set out in the term sheet is summarised below.

Item	Description	CAD$ 000	AUD$ 000
Equipment Costs			
1	Crushing	$365	$379
2	Leaching	$1,222	$1,268
3	REO Precipitation and Finishing	$610	$633
4	Water & Waste Treatment	$650	$675
Other			
5	Miscellaneous Design, Fabrication and Installation	$1,700	$1,765
6	EPCM	$516	$535
Total		$5,063	$5,255
CAD:AUD 1.038			

Table 5: Capital cost estimate for Rare Earth Extraction Plant

Vital appointed Orelogy Consulting Pty Ltd (Orelogy) during the year to define a pit design which met the conditions of Vital's Amended Land Use Permit and Water Licence whilst maximizing the contained rare earths. Specifically, the LUP and WL provided approval for 600,000t of material to be extracted from the pit, as highlighted in Table 5, based on the design assumptions (refer ASX Announcement 16 July 2020). The assumptions were based on geotechnical guidelines considering:

- Geological domains
- Geological logging of core including structure and RQD values
- Structural mapping of the decline
- The shallow nature of the open pit (i.e. 35m deep) and

- The lack of groundwater in recent drill holes.

Item	Unit	Resource Inventory
Ore	T	74,124
	REO %	10.8
Waste Overburden	t	84,946
Waste Pegmatite	t	420,300
Waste Total	t	505,245
All Materials	t	579,370
Stripping Ratio	waste/ore	6.8
REO	t	8,028

Table 6: North T Mine Plan Resource Inventory

The pit design detail is sufficient to enable completion of operational and management plans, environmental plans and Run of Mine (ROM) design and further development of the mining and crushing services contract, to be finalised in accordance with the defined project development milestones. This contract will extract all materials and crush all ore materials within a single campaign (May 2021 – October 2021) and therefore is classified as near-term production, with all production not extending past the current year and forthcoming year.

Site establishment works are on schedule with the mobilisation of mining equipment and the ore sorter scheduled to occur in February/March 2021. In preparation of this activity, the Company's site team will undertake site preparation works this northern summer. Key work programs will include:

- Site clearing for the proposed pit design, ROM and reject stockpiles;
- Site preparation for the ore sorter and materials handling equipment; and
- Delivery and placement of the ore sorter base and sub-structure.

Vital is continuing negotiations with several prospective off-take customers, specifically relating to:

- Product specification;
- Start-up feedstock requirements;
- Ramp-up profile; and
- Long-term feedstock requirements.

Vital has targeted its first off-take agreement to be finalised in the December 2020 quarter.

Vital's negotiations are well advanced for a rare earth Extraction Facility Build Own Operate Transfer contract within North America. Plant design, including start-up production volumes and ramp-up profile will be finalised pending the outcome of off-take negotiations. The term sheet was signed in September 2020.

Vital was encouraged by recent statements made by the US-Canada Critical Minerals Working Group about the United States and Canada forging ahead on Critical Mineral co-operation. Vital continues to liaise closely with the Canadian Government.

In addition, Vital's subsidiary Cheetah Resources Ltd (Cheetah) was selected for the Government of Canada's Accelerated Growth Services Program (AGS). AGS helps growth-oriented Canadian businesses expand by assisting with access to critical government services they need to grow, such as financing, exporting, innovation, and business advice.

Drilling

Vital received outstanding results from a 2019 drilling and re-assaying program at its North T resource. Vital completed drilling and resampling of historical drill core 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 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 10m by 10m drill pattern.

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

Process Testwork and Ore Sorting

Ore sorting was undertaken as the proposed technology to produce a bastnaesite concentrate from the North T ore body. Ore sorting involves the separation of the bastnaesite mineralisation from the quartz gangue using XRay Transmission (XRT) technology. This sensor was deemed suitable due to the significant differences in atomic density between bastnaesite and quartz.

TOMRA Sorting Mining (TOMRA) engineers conducted a Performance Test at Saskatchewan Research Council (SRC) on three sets of samples to determine whether TOMRA products are capable of sorting bastnaesite from quartz. The material was pre-screened into the size fractions: 8-20mm, 20-30mm and 30-60mm. Oversize was crushed further, while the undersized fraction was retained for gravity testwork.

In all tests, the material was fed through a single time with no cleaning or scavenging carrying out on product or reject. Since the ore sorting equipment has a large capacity compared to the throughput for plant requirements, an installed ore sorter will be flexible and used in a number of different modes to produce a high-grade bastnaesite product to be transported for downstream processing.

Spiral testwork and shaking table testwork was undertaken on the fine material. Shaking table testwork proved that an upgrade of over four times to 40% REO product at an REO recovery of 80% could be achieved, producing product and rejects.

The successful testwork demonstrated potential to produce a high grade REO product from ore from the North T Zone at Nechalacho.

Leaching Testwork

Vital successfully completed leaching testwork on high-grade concentrate from the North T deposit. The purpose of this testwork was to confirm the amenability of leaching rare earths contained within concentrate produced by ore sorting via recognised process flowsheets for the treatment of bastnaesite.

High-grade bastnaesite samples (~50% REO) were selected from the North T Zone. The North T zone is the same zone from which samples were used to undertake ore sorting and gravity beneficiation testwork. Testwork was conducted on a 90% 'Bastnaesite':10% Quartz to simulate a leach feed anticipated by the product from the ore sorter. Leach feed was thus approximately 45% REO, 20% SiO_2 and 10% CaO.

Leaching processes using Hydrochloric acid and Sulphuric acid were tested to find the most suitable and optimal process route. High neodymium leach recoveries (where neodymium is indicative of overall rare earth) up to 97% in sulphuric acid media and up to 93% in hydrochloric acid media were achieved. The testwork highlighted potential to selectively extract cerium depending on customer requirements.

Testwork conducted by both SGS Lakefield and SRC demonstrated that North T Zone concentrate, similar to that produced during beneficiation testwork, is amenable to leaching via either hydrochloric acid or sulfuric acid with REO recoveries of up to 97%. These results provided Vital with confidence to proceed in establishing a near-term operation at Nechalacho, focusing on North T.

WIGU HILL PROJECT, TANZANIA

In 2019, Cheetah signed a project development and option agreement with Montero Mining & Exploration Ltd ("Montero"), a TSXV-listed entity, to acquire all 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 six 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 licence would be via a public invitation to tender. It is noted that the introduction of this tender did not affect Cheetah 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 second half of the year, the Company continued discussions with the Tanzanian Government regarding the issuance of a Mining Licence (ML) for the Wigu Hill rare earth project.

NAHOURI GOLD PROJECT, BURKINA FASO

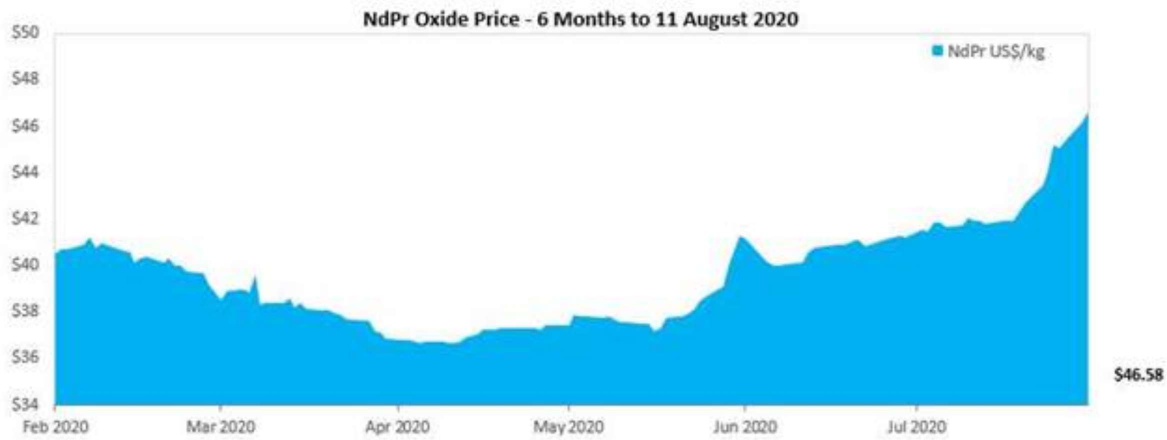
During the year, Vital Metals suspended all exploration activity in Burkina Faso due to ongoing security concerns in the country and the State of Emergency declared by the Burkina Faso government for several northern provinces.
Vital will update shareholders when there is a change in these circumstances, allowing and a decision to resume exploration can be made.

AUE COBALT PROJECT, GERMANY

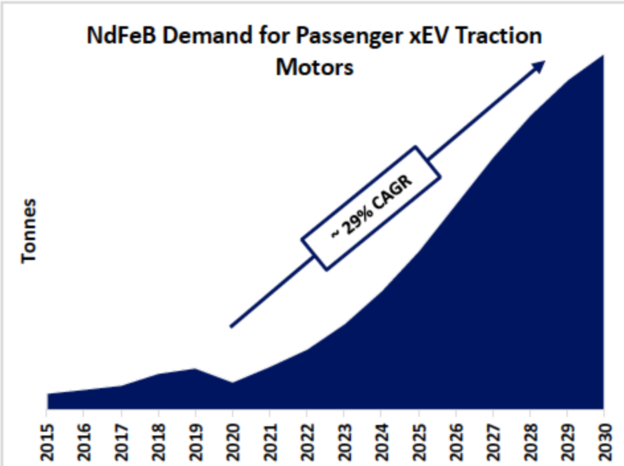
During the period, there was no exploration activities on the Aue project, which comprises an area of 78km^2 located in the western Erzgebirge area of the German state of Saxony, one of Europe's most famous mining regions surrounded by several world class mineral fields. Historical mining and intensive exploration work carried out between the 1940s and 1980s and showed high prospectivity of the Aue permit area for cobalt, tungsten, tin, uranium and silver mineralisation.

RARE EARTHS MARKET OUTLOOK

As with many things, 2020 has seen a large degree of uncertainty in the rare earth market with softening in the price of critical metals Neodymium and Praseodymium.



This reduction in prices was largely driven by the shutdown of plant, refineries and other production facilities which saw a dramatic reduction in the volume of rare earths traded over the firt half of 2020. However, with economies starting to open up again we have seen the prices of rare earths rebound accordingly. With economies and markets continuing to re-open through the remainder of 2020 and into 2021 we expect demand for rare earths to continue to recover and grow. Further, with a move to electric vehicles increasing and governments mandating a reduction in the sale of vehicles with internal combustion engines, the medium and long term forecast for electric vehicles, and hence rare earths, is for a prolonged period of growth.



This growth in demand will result in the need for increased production of critical minerals and rare earths in particular.

ANNUAL MINERAL RESOURCES STATEMENT

The Company's Mineral Resources Statement has been complied and is reported in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC 2012 edition) and Chapter 5 of the ASX Listing Rules.

Vital's governance arrangements and internal controls for reporting its Mineral Resources Estimate includes reporting on an annual basis and in compliance with the 2012 Edition of JORC and the ASX Listing Rules. The Competent Person is suitably qualified and experienced as defined in the 2012 Edition of JORC.

Nechalacho Rare Earths Project
As at 30 June, the Nechalacho Rare Earths Project has a Mineral Resources Estimate as defined in Table 1 below.

The annual Mineral Resources Estimate in respect of the Nechalacho Rare Earths Project is based on, and fairly represents, information and supporting documentation prepared by a competent person. The Mineral Resource Estimate as a whole has, as to the form and content in which it appears in the Annual Report, been approved by Mr Brendan Shand. Mr Shand is a Competent Person and a member of the Australasian Institute of Mining and Metallurgy and an employee of the Company. Mr Shand has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shand consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Resources	*MTonnes*		*TREO(%)*		*HREO/TREO*		*%NdPr/TREO*	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Measured	0.287	-	2.729%	-	7.7%	-	24.1%	-
Indicated	1.611	-	2.429%	-	7.2%	-	24.1%	-
Inferred	1.297	-	3,378%	-	6.8%	-	24.2%	-
Total/average	3.196	-	2.378%	-	7.1%		24.2%	-

Table 7: Nechalacho Rare Earths Project, Canada Mineral Resource Estimates– refer ASX release 13 December 2019 and 15 April 2020

Wigu Hill Project – Foreign Estimate

The Company has reported a high grade NI43-101 resource of 3.3Mt at 2.6% REO in respect of its Wigu Hill Project, Tanzania (refer ASX announcement 25 June 2019) as follows:

Zone	*Tonnes (millions)*	*$LREO_5$ (%)*	*La_2O_3 (%)*	*CeO2 (%)*	*Pr_6O_{11} (%)*	*Nd_2O_3 (%)*	*Sm_2O_3 (%)*
Twiga – NE	1.6	2.6	0.98	1.26	0.1	0.23	0.01
Twiga – SW	0.5	3.6	1.33	1.71	0.13	0.3	0.02
Tembo – NW	0.9	2.2	0.78	1.09	0.09	0.23	0.02
Tembo - SE	0.2	2.2	0.69	1.1	0.1	0.27	0.01
Total Inferred Resource	3.3	2.6	0.96	1.27	0.1	0.24	0.02

Table 8: Wigu Hill Project, Tanzania Foreign Estimate (Cut-off of 1% LREO5)– refer ASX release 25 June 2019

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 the foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code. The Company has previously disclosed the foreign estimate 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 estimate that materially impacts on the reliability of the estimate or the Company's ability to verify the foreign estimate 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 has not progressed evaluation of the previously reported foreign estimate. The Company will perform a revision of the historical drilling information, to further ensure the integrity of the data, followed by another estimation of the resource, with updated classification based on the level of information available. In addition, Vital intends to conduct further drilling, bulk sampling, geotechnical and hydrological testing.

TENEMENT SCHEDULE

The Group's tenement schedule is as follows:

Location	*Tenement*	*Beneficial Interest*
Canada	Nechalacho*	100%
Burkina Faso	Nahouri	100%
	Kampala	100%
	Zeko	100%
Germany	Aue	100%
Tanzania	Wigu Hill**	90%

* Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level
** Vital has signed a project development and option agreement to acquire Wigu Hill. The Company has the right to acquire the licence upon the issuance of the licence by the Tanzanian Government

Compliance Statement

This Annual Report contains information extracted from ASX Market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). These announcements are 13 December 2020, 15 April 2020 and 19 February 2020. Vital Metals Limited confirms that it is not aware of any new information or data that materially effects the information included in the original ASX market announcement 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.*

ASX Listing Rule 5.13 Information

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.

CORPORATE

Board and Management Changes
Upon completion of the acquisition of Cheetah, Mr Geoff Atkins and Mr Evan Cranston were appointed to the Board of the Company as Managing Director and Non-Executive Director, respectively.

In April 2020, Mr Tony Hadley was appointed 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. Tony Hadley has extensive experience in operations, technical development, project design and management, engineering and commissioning.

In conjunction with these appointments and as planned, Executive Director Mr Zane Lewis and Executive Director Mr Phillip Coulson both stepped into Non-Executive Director roles with the Company.

Subsequent to the end of the Financial Year, in August 2020, the Company announced further board changes as it prepares to progress to rare earth oxide production in 2021. Mr James Henderson was appointed as a Non-Executive Director. He is the founder and Chairman of Transocean Group, which was established in 1987. He has more than 35 years' experience in providing financial advisory services in Australia and overseas.

Upon the appointment of Mr Henderson, Mr Francis Harper and Mr Zane Lewis retired as Directors of the Company. With the retirement of Mr Harper, Mr Evan Cranston was appointed Non-Executive Chairman of Vital.

Mr Sebastian Andre resigned as Company Secretary, effective 30 June 2020. Vital appointed Ms Louisa Martino as Company Secretary and Chief Financial Officer, effective 1 July 2020.

COVID-19

As with other companies, COVID-19 has caused some disruption to the Company's activities, however development activities continued with the Company remaining focused on bringing the Nechalacho Rare Earth Project into operation in the shortest possible timeframe. The Company has a focus on the welfare of its employees and has implemented measures to ensure their well-being including; health screening and temperature monitoring, change in rosters, spatial distancing protocols, as well as a change in flow of staff to and from local communities.

As at 30 June 2020, the Company and its staff and contractors have been minimally impacted by the Covid-19 pandemic and continue to operate its programs within Canada as planned.

FINANCIAL RESULTS

The Group recorded an operating loss for the year of $4,578,593 (2019: profit of $3,225,692). The 2020 result is consistent with the nature and operations of the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Group occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than as set out below, there have been no significant events after the reporting date:

- In August 2020, Mr James Henderson was appointed as a Non-Executive Director and Mr Francis Harper and Mr Zane Lewis retired as Directors of the Company.
- On 24 August 2020, 12,500,000 options with an exercise price of $0.01 were exercised. There have been no other changes to securities on issue since 30 June 2020.
- On 22 September 2020 the Company announced the signing of a binding term sheet with SRC (Saskatchewan Research Council) to negotiate definitive agreements for construction of a rare earth extraction plant.
- On 26 September 2020 the Company announced that it had successfully received firm commitments to raise A$8.0 million (before costs) in new equity via a fully committed share placement to institutional, sophisticated and professional investors at an issue price of $0.02 per share (400 million shares in total).

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue its exploration and development activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into an agreement to indemnify all directors and officers against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the officer or director.

During the period the Company has paid an insurance premium in respect of a Directors' and Officers' Liability Insurance Contract. The insurance premium relates to liabilities that may arise from an Officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are the Directors, Company Secretary and Officers of the Company. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

LEGAL PROCEEDINGS

The Company was not a party to any legal proceedings during the year.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

No non-audit services were provided by BDO, the Company's auditor, during the financial year.
The Group has not provided any indemnity to the Auditors.

DIRECTORS' INTERESTS IN SECURITIES OF THE GROUP

As at the date of this report, the interests of the directors in the shares, options and other performance securities of Vital Metals Limited were:

DIRECTOR	ORDINARY SHARES	OPTIONS	PERFORMANCE RIGHTS	PERFORMANCE SHARES
Evan Cranston	16,528,998	180,000,000	NIL	NIL
Geoff Atkins	31,149,849	90,000,000	NIL	62,299,698
Phillip Coulson	167,100,000	NIL	28,750,000	NIL
James Henderson	79,432,114	60,000,000	NIL	158,864,228

SHARES UNDER OPTION

At the date of this report the Group had on issue 2,155,111,289 ordinary shares, 57,500,000 Performance Rights, 800,000,000 Performance Shares and 459,666,667 options over ordinary shares.

Unissued ordinary shares of the Company under option at the date of this report are as follows:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
12 May 2017	30 Apr 2021	$0.02	50,000,000
12 May 2017	30 Apr 2021	$0.023	27,000,000
24 Nov 2017	17 Nov 2021	$0.01	12,500,000
19 July 2018	19 July 2022	$0.015	30,000,000
3 Sept 2018	19 July 2022	$0.015	2,666,667
22 October 2019	22 October 2024	$0.02	90,000,000
22 October 2019	22 October 2024	$0.025	90,000,000
22 October 2019	22 October 2024	$0.03	90,000,000
31 January 2020	31 January 2025	$0.02	22,500,000
31 January 2020	31 January 2025	$0.025	22,500,000
31 January 2020	31 January 2025	$0.03	22,500,000
		TOTAL	**459,666,667**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' MEETINGS

The table below sets out the number of Directors' meetings held during the period and the number of meetings attended by each as a Director.

Director	Number of Meetings held while in office	Meetings attended
Evan Cranston	6	5
Geoff Atkins	6	6
Phillip Coulson	8	8
Francis Harper	8	8
Zane Lewis	8	8
Peter Cordin	1	1

CORPORATE GOVERNANCE STATEMENT

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: https://www.vitalmetals.com.au/corporate/corporate-governance/

AUDITED REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The directors and key management personnel for the year ended 30 June 2020 were:

Name	Position for the year ended 30 June 2020
Francis Harper (resigned 4 August 2020)	Non-Executive Chairman
Philip Coulson	Non-Executive Director
Evan Cranston (appointed 22 October 2019)	Non-Executive Director
Peter Cordin (resigned 25 September 2019)	Non-Executive Director
Geoff Atkins (appointed 22 October 2019)	Managing Director
Zane Lewis (resigned 4 August 2020)	Executive Director
Anthony Hadley	Chief Operating Officer

Remuneration Policy
Remuneration of Directors and Executives is referred to as compensation throughout this report. Key management personnel including directors of the Company and other executives have authority and responsibility for planning, directing and controlling the activities of the Group. Compensation levels for directors and Key Management Personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board is responsible for compensation policies and practices. The Board, where appropriate, seeks independent advice on remuneration policies and practices, including the compensation packages and terms of employment. No such advice was sought in the current year.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account a number of factors, including length of service and the particular experience of the individual concerned.

Fixed Compensation
Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board where applicable.

Share–based compensation
Share options are granted to key employees as the Directors believe that this is the most appropriate method of aligning performance to the interests of shareholders. The Directors feel that it appropriately links the long term incentives of key employees to the interest of shareholders. The ability to exercise the options is conditional on continued service for a period as determined by the Board upon each issuance of options. The Group does not have a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Employment Contracts of Directors and Executives
As at 30 June 2020, all Directors and all executives, have formal contracts with the Company.

The terms during the past year and as at the date of this report are set out as follows:

Name	Position	Annual Remuneration FY 2020
Francis Harper	Non-Executive Chairman	40,000
Philip Coulson	Non-Executive Director	90,000
Evan Cranston (appointed 22 October 2019)	Non-Executive Director	1,564,224[1]
Peter Cordin (resigned 25 September 2019)	Non-Executive Director	13,333
Geoff Atkins (appointed 22 October 2019)	Managing Director	1,063,806[1]
Zane Lewis	Executive Director	120,000
Anthony Hadley	Chief Operating Officer	102,200

[1] Includes expense for options issued on appointment

Phillip Coulson
Phillip Coulson was appointed an Executive Director under a Consultancy Agreement. Under the Consultancy Agreement, the remuneration for Mr Coulson's role as an Executive is $120,000 per annum (in addition to his existing remuneration). During the year Mr Coulson moved to a Non-Executive director role.

Zane Lewis
Zane Lewis was appointed an Executive Director under a Consultancy Agreement. Under the Consultancy Agreement, the remuneration for Mr Lewis' role as an Executive is $120,000 per annum (in addition to his existing remuneration). The term of the Consultancy Agreement is for an unlimited term which is capable of termination by giving no less than 3 months written notice (any termination in lieu of notice would a termination payout of 3 months fees). Under the Consultancy Agreement, Mr Lewis is entitled to performance rights described further below.

Geoff Atkins (effective 22 October 2019)
The Managing Director, Geoff Atkins is under a consulting agreement that commenced on 1 October 2019. The terms of the contract include:

- Annual consulting fee of $270,000; and
- An incentive component comprising 90,000,000 options in 3 equal tranches to purchase fully paid ordinary shares in the Company with the following key terms:
    - Options were approved by shareholders at General Meeting held 16 October 2019;
    - Exercise Prices Tranche 1-$0.02, Tranche 2-$0.025, Tranche 3-$0.03
    - Expiry date of 5 years from date of issue

The duration of the consultancy agreement is for a minimum of 3 years. Mr Atkins may resign from his position and thus terminate the consultancy by giving 3 months' written notice. The Company may terminate the consultancy agreement by providing 3 months' written notice or providing payment in lieu of the notice period (based on the consulting fee).

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration (consultancy fee) and only up to the date of termination.

Anthony Hadley (effective 2 March 2020)
The Chief Operating Officer, Tony Hadley is an employee of the Company under an executive agreement signed on 7 February 2020. Under the terms of the contract:

- A salary package of $280,000 per annum plus statutory superannuation; and
- An incentive component comprising 3 tranches of 6,000,000 options each to purchase fully paid ordinary shares in the company with the following key terms:
    - Options at the discretion of the directors and to be approved by shareholders;
    - Exercise Price of Tranche 1-$0.02, Tranche 2-$0.025, Tranche 3-$0.03

- Expiry date of 31 January 2025
- Options to vest as follows:
  - Tranche 1 -6,000,000 options vest 1 year from date of issue
  - Tranche 2 -6,000,000 options vest 2 years from date of issue
  - Tranche 3 -6,000,000 options vest 3 years from date of issue.

The duration of the consultancy agreement will continue until the agreement is validly terminated in accordance with its terms. Mr Hadley may resign from his position and thus terminate the agreement by giving 3 months' written notice.

The Company may terminate the agreement by providing 3 months' written notice or providing payment in lieu of the notice period (based on the fixed component of Mr Hadley's remuneration including any accrued statutory leave liabilities).

Non-Executive directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $400,000 per annum.

The remuneration policy for non-executive directors remains unchanged.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the infant stage of the Company's operations.

Remuneration of Key Management Personnel

Details of the remuneration provided to the Key Management Personnel of the Group are set out in the following tables.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2020 $	2019 $	2018 $	2017 $	2016 $
Net profit/(loss)	(4,578,593)	3,225,692	(3,253,430)	(4,961,426)	(1,156,042)
Share price at year end (cents)	1.0	1.2	1.0	1.1	1.1
Earnings/(loss) per share (cents)	(0.23)	0.18	(0.21)	(0.82)	(0.31)

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group are the directors and Chief Operating Officer. Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key Management Personnel Remuneration

	Short term Salary and Fees$	Short Term Bonus[3] $	Post-employment Superannuation $	Termination Termination $	Share-based payments Options[1] $	Share-Based Payments Performance Rights[2] $	Total $	Performance related %
Directors of Vital Metals Limited								
Evan Cranston (Non-Executive Director) (appointed 22 October 2019)								
2020	**41,613**	**-**	**-**	**-**	**1,522,611**	**-**	**1,564,224**	**97.33**
Geoff Atkins (Managing Director) (appointed 22 October 2019)								
2020	**202,500**	**100,000**	**-**	**-**	**761,306**	**-**	**1,063,806**	**71.56**
Phillip Coulson (Non-Executive Director) (appointed 7 January 2019)								
2020	**90,000**	**-**	**-**	**-**	**-**	**-**	**90,000**	**-**
2019	60,000	-	-	-	-	203,625	263,625	78.24
Zane Lewis (Executive Director) (appointed 6 February 2019)								
2020	**120,000**	**-**	**-**	**-**	**-**	**-**	**120,000**	**-**
2019	56,665	-	-	-	-	203,625	260,290	78.23
David Macoboy (Non-Executive Director) (resigned 2 July 2018)								
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	295	-	28	-	-	-	323	-
Mark Strizek (Managing Director) (resigned 24 January 2019)								
2020	**25,000**	**-**	**-**	**-**	**-**	**-**	**25,000**	**-**
2019	116,667	-	11,083	175,916	10,978	-	314,644	3.49
Andrew Simpson (Non-Executive Director) (resigned 16 November 2018)								
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	16,667	-	-	-	-	-	16,667	-
Peter Cordin (Non-Executive Director) (resigned 25 September 2019)								
2020	**12,177**	**-**	**1,157**	**-**	**-**	**-**	**13,333**	**-**
2019	36,530	-	3,470	-	-	-	40,000	-
Francis Harper (Non- Executive Director)								
2020	**40,000**	**-**	**-**	**-**	**-**	**-**	**40,000**	**-**
2019	40,000	-	-	-	-	-	40,000	-
Other key management personnel								
Anthony Hadley (COO) (appointed 2 March 2020)								
2020	**93,333**	**-**	**8,867**	**-**	**-**	**-**	**102,200**	**-**
Total key management personnel compensation								
2020	**624,622**	**100,000**	**10,023**	**-**	**2,283,917**	**-**	**3,018,563**	**75.66**
2019	326,824	-	14,581	175,916	10,978	407,250	935,549	1.17

(1) The fair value of the options is calculated at the date of grant using a Black Scholes option valuation model, or share price up-and-in barrier model and allocated to each reporting period evenly over the period from the grant date to vesting date. The value disclosed is the fair value of the options recognised in this reporting period. The options vested fully in this reporting period.

(2) Shareholders approved the issue of 28,750,000 performance rights to both Mr Coulson and Mr Lewis at the general meeting held on 1 May 2019. The terms of the performance rights are noted below.

(3) Mr Geoff Atkins was paid a bonus of $100,00 following the successful completion of the acquisition of Cheetah Resources Pty Ltd by the company.

There were no options or performance rights granted to key management personnel as compensation during the reporting period, other than those set out below.

Options and Performance Rights granted as compensation

Options and performance rights are issued at no cost to Directors and Executives as part of their remuneration. The options and performance rights are not issued based on performance criteria, but are issued to increase goal congruence between Executives, Directors and Shareholders.

The performance rights over ordinary shares of the Company were granted to or vesting with key management personnel during the year (there were no options issued to key management personnel during the year):

	Grant Date	Exercise Price	Number Granted	Number Vested	Expiry Date	Volatility	Exercise Multiple	Fair Value per security at grant date (cents)	Exercised Number
Performance Rights									
Phillip Coulson – Class A	1/5/2019	N/A	6,250,000	6,250,000	28/2/2023	125%	2.5	0.73	-
Phillip Coulson – Class B	1/5/2019	N/A	10,000,000	10,000,000	28/2/2023	125%	2.5	0.72	-
Phillip Coulson – Class C	1/5/2019	N/A	12,500,000	-	28/2/2023	125%	2.5	0.69	N/A
Zane Lewis – Class A	1/5/2019	N/A	6,250,000	6,250,000	28/2/2023	125%	2.5	0.73	-
Zane Lewis – Class B	1/5/2019	N/A	10,000,000	10,000,000	28/2/2023	125%	2.5	0.72	-
Zane Lewis – Class C	1/5/2019	N/A	12,500,000	-	28/2/2023	125%	2.5	0.69	N/A
Options									
Geoff Atkins	22/10/2019	$0.02	30,000,000	30,000,000	22/10/2024	100%	3.5	0.89	-
Geoff Atkins	22/10/2019	$0.025	30,000,000	30,000,000	22/10/2024	100%		0.85	-
Geoff Atkins	22/10/2019	$0.03	30,000,000	30,000,000	22/10/2024	100%		0.81	-
Evan Cranston	22/10/2019	$0.02	60,000,000	60,000,000	22/10/2024	100%	3.5	0.89	-
Evan Cranston	22/10/2019	$0.025	60,000,000	60,000,000	22/10/2024	100%		0.85	-
Evan Cranston	22/10/2019	$0.03	60,000,000	60,000,000	22/10/2024	100%		0.81	-

The performance milestones are as follows:

- Class A: to vest on the date that the 10 day VWAP for the shares on the ASX is $0.012 or higher;
- Class B: to vest on the date that the 10 day VWAP for the shares on the ASX is $0.015 or higher; and
- Class C: to vest on the date that the 10 day VWAP for the shares on the ASX is $0.02 or higher.

Exercise of options granted as compensation

During the reporting period, there were no shares issued on the exercise of options previously granted as compensation, nor were there any modifications to the terms of previously granted options.

Additional disclosures relating to key management personnel

Shareholding

The numbers of shares in the Company held during the financial year by each director of Vital Metals Ltd and other key management personnel of the Group, including their personally related parties, are set out below.

2020	Balance at start of the year	Received during the year on the exercise of options	Received as Compensation	Other changes during the year	Balance at end of the year
Directors of Vital Metals Limited					
Ordinary shares					
Peter Cordin (resigned 25 September 2019)	9,743,616	-	-	-	9,743,616[2]
Francis Harper	18,234,725	-	-	-	18,234,725
Phillip Coulson [3]	162,100,000	-	-	5,000,000	167,100,000
Zane Lewis [3]	-	-	-	8,000,000	8,000,000
Geoff Atkins (appointed 22 October 2019) [4]	-	-	-	31,149,849	31,149,849
Evan Cranston (appointed 22 October 2019) [3,4]	-	-	-	16,528,998	16,528,998
Performance Shares – Tranche A[1]					
Geoff Atkins (appointed 22 October 2019)	-	-	-	31,149,849	31,149,849
Performance Shares – Tranche B[2]					
Geoff Atkins (appointed 22 October 2019)	-	-	-	31,149,849	31,149,849

2020 (cont'd)	Balance at start of the year	Received during the year on the exercise of options	Received as Compensation	Other changes during the year	Balance at end of the year
Other key management personnel					
Anthony Hadley	-	-	-	-	-

Notes:

1. Tranche 1 Performance Shares will each convert to one Share on the Company entering into binding offtake for a minimum of 1,000 kgs of contained REO in respect of the Nechalacho Project or Wigu Hill Project within 2 years of the acquisition completion date.
2. The Tranche 2 Performance Shares will each convert to one Share on the Company commencing mining operations at the Nechalacho Project or Wigu Hill Project within 3 years of the issue of the Tranche 1 Performance Shares. Where the Tranche 2 Milestone is satisfied, the Tranche 1 Milestone will automatically be deemed to have been satisfied.
3. On market purchase of shares
4. Includes acquisition consideration shares.

Option and Performance Rights holding

The numbers of performance rights and options over ordinary shares in the Company held during the financial year by each director of Vital Metals Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

2020	Balance at start of the year	Granted as compensation	Exercised	Expiry	Other changes	Balance at end of the year	Vested and exercisable
Directors of Vital Metals Limited							
Options							
Peter Cordin (resigned 25 September 2019)	3,000,000	-	-	-	-	3,000,000	3,000,000
Francis Harper	28,750,000	-	-	-	-	28,750,000	28,750,000
Geoff Atkins (appointed 22 October 2019)	-	90,000,000	-	-	-	90,000,000	90,000,000
Evan Cranston (appointed 22 October 2019)	-	180,000,000	-	-	-	180,000,000	180,000,000
Performance Rights							
Phillip Coulson[1]	28,750,750	-	-	-	-	28,750,000	16,250,000
Zane Lewis[1]	28,750,000	-	-	-	-	28,750,000	16,250,000
Other key management personnel							
Anthony Hadley	-	-	-	-	-	-	-

Note 1: performance milestones are as follows:

- Class A: (6,250,000 performance rights) to vest on the date that the 10 day VWAP for the shares on the ASX is $0.012 or higher;
- Class B: (10,000,000 performance rights) to vest on the date that the 10 day VWAP for the shares on the ASX is $0.015 or higher; and
- Class C: (12,500,000 performance rights) to vest on the date that the 10 day VWAP for the shares on the ASX is $0.02 or higher.

Loans to key management personnel

There were no loans to key management personnel during the year (2019: nil).

Other transactions with key management personnel

Mr Zane Lewis was appointed a director on 6 February 2019. For the financial year, Smallcap Corporate Pty Ltd (an entity which Mr Lewis has a beneficial interest) provided company secretary and financial accounting services to the Company. Total fees incurred to Smallcap Corporate Pty Ltd for the services up to 30 June 2020 was $219,750 (2019:$18,995).

There were no other transactions with key management personnel during the year other than salaries and wages as disclosed in the remuneration report.

Engagement of remuneration consultants

During the financial year, the Company did not engage any remuneration consultants to review the Key Management Personnel remuneration for the year ended 30 June 2020.

Securities Trading Policy

The Company's security trading policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. The Company's security trading policy defines dealing in company securities to include:

(a) Subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
(b) Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
(c) Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

The securities trading policy details acceptable and unacceptable times for trading in Company Securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company Securities without providing written notification to the Chairman. The Chairman must not deal in Company Securities without the prior approval of the Chief Executive Officer. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 93.7% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of Audited Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

This report has been made in accordance with a resolution of the Board of Directors pursuant to s.298 (2) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors

Evan Cranston
Chairman
Sydney: 30 September 2020

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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF VITAL METALS LIMITED

As lead auditor of Vital Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vital Metals Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Continuing Operations			
Sundry income	1.2	41,413	4,364
			-
Exploration and evaluation expenditure		(172,658)	(849,677)
Administration expenses		(1,908,899)	(931,157)
Depreciation		(75,895)	(747)
Provision for impairment		-	(1,700,000)
Share based payments expense	8.1	(2,502,918)	(418,228)
Total Expenses		**(4,660,370)**	**(3,899,809)**
Loss from continuing operations		**(4,618,957)**	**(3,895,445)**
Finance income	1.1	44,736	220,535
Finance costs	1.1	(4,371)	(35,911)
Net finance income		40,364	184,624
Profit / (loss) before income tax		**(4,578,593)**	**(3,710,821)**
Income tax expense	1.3	-	-
Profit / (loss) after income tax		**(4,578,593)**	(3,710,821)
Profit from discontinued operations net of tax		-	6,936,513
Net profit / (loss) for the year		**(4,578,593)**	**3,225,692**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Disposal of reserves from discontinued operations		-	(449,286)
Foreign currency translation differences for foreign operations		301,869	(4,503)
Other comprehensive income for the year, net of income tax		301,869	(453,789)
Total comprehensive profit/(loss) for the year		**(4,276,724)**	**2,771,903**

	Note	2020 $	2019 $
Profit / (Loss) attributable to:			
Owners of the Company		(4,578,593)	3,225,692
		(4,578,593)	**3,225,692**
Total Comprehensive Profit/(Loss) attributable to:			
Owners of the Company		(4,276,724)	2,771,903
		(4,276,724)	**2,771,903**
Earnings/(Loss) per share and for loss attributable to the ordinary equity holders of the company:	1.4	(0.23) cents	0.18 cents
Diluted earnings/(loss) per share for loss attributable to the ordinary equity holders of the company:	1.4	(0.23) cents	0.18 cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	2.1	1,756,773	12,708,796
Trade and other receivables	2.2	391,116	135,252
Financial assets	2.3	56,000	-
TOTAL CURRENT ASSETS		2,203,889	12,844,048
NON-CURRENT ASSETS			
Property, plant and equipment	3.1	1,527,769	-
Right of use asset	3.2	91,928	-
Exploration and evaluation expenditure	3.3	12,467,416	-
TOTAL NON CURRENT ASSETS		14,087,113	-
TOTAL ASSETS		16,291,002	12,844,048
CURRENT LIABILITIES			
Trade and other payables	2.4	446,947	126,717
Financial liabilities	4.1	80,425	-
Provisions	2.5	6,130	-
TOTAL CURRENT LIABILITIES		533,502	126,717
NON CURRENT LIABILITIES			
Financial liabilities	4.1	13,975	-
TOTAL NON CURRENT LIABILITIES		13,975	126,717
TOTAL LIABILITIES		547,477	126,717
NET ASSETS		**15,743,525**	**12,717,331**
EQUITY			
Contributed equity	4.2	57,645,649	52,845,649
Reserves	4.3	5,201,977	2,397,190
Accumulated losses		(47,104,101)	(42,525,508)
TOTAL EQUITY		**15,743,525**	**12,717,331**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Contributed Equity $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2019	**52,845,649**	**2,387,741**	**9,449**	**(42,525,508)**	**12,717,331**
Profit / (loss) Loss for year	-	-	-	(4,578,593)	(4,578,593)
Transferred to Accumulated Losses	-	-	-	-	-
Other comprehensive income				(4,578,593)	(4,578,593)
Exchange differences on translation of foreign operation	-		301,869	-	301,869
Total other comprehensive income	-	-	301,869	-	301,869
Total comprehensive loss for the year	-	-	301,869	(4,578,593)	(4,276,724)
Transactions with owners in their capacity of owners					
Contributions of equity, net of transaction costs	4,800,000	-	-	-	4,800,000
Share based payments	-	2,502,918	-	-	2,502,918
Balance at 30 June 2020	**57,645,649**	**4,890,659**	**311,318**	**(47,104,101)**	**15,743,525**

	Contributed Equity $	Share-based Payment Reserve $	Convertible Note Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2018	**52,845,649**	**1,969,513**	**233,442**	**463,238**	**(45,984,642)**	**9,527,200**
Profit / (loss) Loss for year	-	-	-	-	3,225,692	3,225,692
Transferred to Accumulated Losses	-	-	(233,442)	-	233,442	-
Other comprehensive income						
Disposal of reserves from discontinued operations	-	-	-	(449,286)	-	(449,286)
Exchange differences on translation of foreign operation	-			(4,503)	-	(4,503)
Total other comprehensive income	-	-	-	(453,789)	-	(453,789)
Total comprehensive loss for the year	-	-	(233,442)	(453,789)	3,459,134	2,771,903
Transactions with owners in their capacity of owners						
Contributions of equity, net of transaction costs	-	-	-	-	-	-
Share based payments	-	418,228	-	-	-	418,228
Balance at 30 June 2019	**52,845,649**	**2,387,741**	**-**	**9,449**	**(42,525,508)**	**12,717,331**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation costs		(172,658)	(1,142,140)
Payments to suppliers and employees		(1,902,708)	(834,626)
Government incentive received		41,413	-
Interest received		44,736	190,871
Interest paid		(4,371)	-
Net cash outflow in operating activities	2.1	**(1,993,588)**	**(1,785,895)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of asset		-	14,739,071
Payments relating to sale of asset		-	(397,071)
Loan to Cheetah Resources Pty Ltd prior to acquisition		(3,953,428)	(1,700,000)
Payments for exploration expenditure		(2,490,098)	-
Payments for property, plant and equipment		(1,510,976)	-
Cash acquired on acquisition of Cheetah Resources Pty Ltd		93,859	-
Payments to acquire exploration and evaluation asset		(899,483)	-
Payments for rent bond		(43,700)	-
Payments for security deposit on permits		(95,680)	-
Net cash inflow/(outflow) in investing activities		**(8,899,506)**	**12,642,000**
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		-	(57,687)
Repayment of loan		-	(1,345,350)
Proceeds from share issues (net of share issue costs)		-	36,500
Repayment of lease liability		(55,008)	-
Net cash used in financing activities		**(55,008)**	**(1,366,537)**
Net increase/(decrease) in cash held		**(10,948,102)**	**9,489,568**
Cash at beginning of the year		12,708,796	3,219,228
Foreign exchange variances on cash		(3,921)	-
Cash at end of the year	2.1	**1,756,773**	**12,708,796**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

ABOUT THIS REPORT

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Vital Metals Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is also the parent entity's functional currency. Vital Metals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2020. The Directors have the power to amend and reissue the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Vital Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Vital Metals Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New accounting standards and interpretations

New, revised or amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

The adoption of these Accounting Standards and Interpretations are described below:

Reference and title	Summary	Application date of standard *	Application date for Group *
AASB 16 *Leases*	This Standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Group is currently not party to any material lease agreements, therefore the initial adoption of this standard is not expected to have a material impact on the Group's financial statements. The adoption of AASB 16 is set out in Note 4.1	1 January 2019	1 July 2019
* Designates the beginning of the applicable annual reporting period			

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

(iv) New and amended standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The directors have not early adopted any of these new amended standards and interpretations. The directors are in the process of assessing the impact of the applications of the standard and its amendment to the extent relevant to the financial statement of the Group.

(v) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vital Metals Limited ("Company" or "parent entity") as at 30 June 2020 and the results of all subsidiaries for the year then ended. Vital Metals Ltd and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of assets

Assets, except for deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;

the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities
Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:
financial assets measured at fair value through profit or loss; or equity instruments measured at fair value through other comprehensive income.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e diversity of customer base, appropriate groups of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Employee benefits

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions') - refer to note 8.1.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which are granted. The fair value is determined by an internal valuation using an appropriate option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Key estimates and judgements

Impact of Coronavirus (COVID-19) pandemic.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL PERFORMANCE

1.1. FINANCE INCOME

	2020 $	2019 $
Interest revenue	44,736	220,535
Interest Expense	(4,371)	(35,911)
Net finance income / (expense)	40,364	184,624

Accounting Policy

Finance Income

Finance income comprises interest income earned on funds invested in bank accounts and call deposits. Interest is recognised on an accruals basis in the statement of profit or loss and other comprehensive income, using the effective interest method.

1.2. INCOME AND EXPENSES

	2020 $	2019 $
The following significant Income and expense items not separately highlighted in the Statement of Profit or Loss and Other Comprehensive Income are relevant in explaining the financial performance:		
Income:		
Government incentives	41,413	-
Sundry Income	-	4,364
Personnel expenses		
Wages and salaries	1,096,639	312,346
Annual leave	6,130	-
Superannuation	28,466	19,176
Termination	-	175,916
Total personnel expenses	1,131,525	507,438

1.3. INCOME TAX

	2020 $	2019 $
(a) The major components of income tax are:		
Statement of Profit or Loss and Other Comprehensive Income		
Current income tax		
Current income tax benefit	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Unused tax losses not recognised as deferred tax asset	-	-
Tax rebate from R&D activities	-	-
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-
The aggregate amount of income tax attributable to the financial period differs from the amount calculated on the operating loss. The differences are:		
Accounting loss before taxation	(4,578,593)	(3,710,821)
Prima facie tax benefit at the Australian tax rate of 30% (2019: 30%)	(1,373,578)	(1,113,246)
Add tax effect of:		
Non-deductible items	750,875	635,907
Burkina Faso operations not brought to account	9,187	132,393
Less effect of:		
Capital raising costs	(41,871)	-
Tax losses not brought to account	655,386	344,946
Income tax expense	-	-

1.3 INCOME TAX (CONT)

(b) Deferred income tax:	**2020** **$**	**2019** **$**
Statement of Financial Position		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Property, plant and equipment – depreciation	-	1,138
Accrued income	-	9,629
Exploration expenses	663,317	-
Set-off against tax assets	(663,317)	(10,767)
	-	-
Deferred tax assets		
Tax value of losses carried forward	8,571,535	8,223,618
Set-off of deferred tax liability	(663,317)	(10,767)
Accrued expenses	1,839	17,912
Other prepayments/capital expenditure	59,903	109,566
Non-recognition of deferred tax assets	(7,969,960)	(8,340,329)
	-	-

(c) Tax losses

At 30 June 2020, the Consolidated Entity has $28,571,785 (2019: $27,412,059) of taxable losses that are available for offset against future taxable profits of the consolidated entity, subject to the loss recoupment requirements in the Income Tax Assessment Act 1997.

No deferred tax asset has been recognised in the Statement of Financial Position in respect of the amount of these losses, as it is not presently probable future taxable profits will be available against which the Company can utilise the benefit.

	2020 **$**	**2019** **$**
Unrecognised deferred tax assets		
Tax losses – revenue (at 30%)	8,571,535	8,223,618

(d) Tax consolidation legislation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 3 October 2005 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Vital Metals Limited.

The controlled entities have been fully compensated for all deferred tax assets and liabilities transferred to Vital Metals Limited on the date of forming a tax consolidated group. The entities have also entered into a tax sharing and compensation agreement where the wholly owned entities reimburse Vital Metals Limited for any current income tax payable or receivable by Vital Metals Limited in respect of their activities. The group has decided to use the "separate taxpayer within group" approach in accordance with UIG 1052 to account for the current and deferred tax amounts amongst the entities within the consolidated group

(e) Corporate Tax Rate

In 2018, the government enacted a change in the eligibility to access the lower income tax rate for small business entities of 27.5%. Vital Metals Ltd does not satisfy these requirements and is therefore subject to the corporate tax rate of 30%.

1.3 INCOME TAX (CONT)

Key estimates and judgements

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Accounting policy

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.4. LOSS PER SHARE

	2020	2019
Basic earnings/(loss) per share – cents per share	(0.23)	0.18
Diluted earnings/(loss) per share – cents per share	(0.23)	0.18
The following reflects the loss and share data used in the calculations of basic loss per share and diluted loss per share:		
Net profit/(loss)	(4,578,593)	3,225,692
Weighted average number of shares outstanding:		
Weighted average number of ordinary shares used in calculating basic earnings per share:	2,019,871,563	1,742,611,288
Weighted average number of ordinary shares used in calculating diluted earnings per share:	2,019,871,563	1,742,611,288

Classification of securities

Diluted earnings per share is calculated after classifying all options on issue and all ownership based remuneration scheme shares remaining uncovered at 30 June 2020 that are dilutive as potential ordinary shares. As at 30 June 2020, the company has on issue a total of 382,166,667 options over unissued capital, 57,500,000 Performance Rights and 800,000,000 Performance Share and of these Nil (2019: 25,000,000) are considered dilutive.

Conversions, calls, subscriptions or issues after 30 June 2020

On 24 August 2020, 12,500,000 options with an exercise price of $0.01 were exercised. There have been no other changes to securities on issue since 30 June 2020.

Accounting Policy

Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense and after preference dividends by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1.5. SEGMENT INFORMATION

The consolidated entity has three reportable segments being mineral exploration and prospecting for minerals in Australia, Canada and Burkina Faso.

The following is an analysis of the Group's revenue and results by reportable segment:

	Australia		Canada		Burkina Faso		Consolidated Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Segment income	41,413	4,364	-	-	-	-	**41,413**	**4,364**
Profit from discontinued operation	-	6,936,513	-	-	-	-	**-**	**6,936,513**
Interest revenue	44,736	220,535	-	-	-	-	**44,736**	**220,535**
Total revenue	86,149	7,161,412	-	-	-	-	**86,149**	**7,161,412**
Segment profit / (loss)	(3,459,701)	(3,269,511)	(1,088,269)	-	(30,623)	(441,310)	**(4,578,593)**	**(3,710,821)**
Profit/(Loss) from discontinued operations	-	6,936,513	-	-	-	-	**-**	6,936,513
Net profit/(loss) before tax	(3,459,701)	3,667,002	(1,088,269)	-	(30,623)	(441,310)	**(4,578,593)**	**3,225,692**
Segment assets	1,704,737	12,844,047	14,550,716	-	35,549	-	**16,291,002**	**12,844,047**
Segment liabilities	350,100	126,717	240,315	-	(42,938)	12,150	**547,477**	**126,717**

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

The Group has identified three reportable segments being activities undertaken in Australia, Burkina Faso and Canada. These segments include the activities associated with the determination and assessment of the existence of commercially economic reserves, from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on the operating profit or loss or cash flows and is measured in accordance with the Group's accounting policies.

2. WORKING CAPITAL PROVISIONS

2.1. CASH AND CASH EQUIVALENTS

	Note	2020 $	2019 $
Cash at bank		1,756,773	708,796
Short-term deposits		-	12,000,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows		**1,756,773**	**12,708,796**

		2020 $	2019 $
Reconciliation of Profit/(Loss) after Income Tax to net cash flows from operating activities:			
Profit/(Loss) after income tax		(4,578,593)	3,225,692
Non-cash flows from continuing operations:			
Depreciation		75,895	-
Write-off property, plant and equipment		-	19,660
Provision for impairment		-	1,700,000
Share based payments		2,502,917	418,228
Other Adjustments			
(Profit) on sale of non-current assets		-	(6,936,513)
Changes in assets and liabilities:			
(Increase) / decrease in receivables		(57,590)	31,030
Increase / (decrease) in payables		57,653	(206,953)
Increase / (decrease) in Provisions		6,130	(37,039)
Net cash (used in) operating activities		**(1,993,588)**	**(1,785,895)**

Accounting Policy

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and at call deposits with banks or financial institutions.

Non-Cash Investing and Financing Activities

During the year, the Group acquired Cheetah Resources Pty Ltd by the issue of Ordinary Shares and Performance Shares in the Company. This includes the initial recognition of the Right to Use Asset as set out in Note 4.1. Full details of the acquisition of Cheetah Resources Pty Ltd are set out in Note 3.3. There were no other non-cash investing or financing activities during the year (2019: Nil).

2.2. TRADE AND OTHER RECEIVABLES

	Note	2020 $	2019 $
Current			
Trade debtors		17,187	-
Other debtors		19,503	119,543
GST Receivable		199,303	-
Prepayments		15,743	14,944
Security deposit		139,380	765
	5.1	391,116	135,252

Accounting Policy

Trade and other receivable assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and other receivable, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.3. FINANCIAL ASSETS

	2020 $	2019 $
Current		
Shares in listed companies held for resale at cost	108,520	-
Less provision for diminution	(52,520)	-
	56,000	-

Shares in listed companies held for resale are recorded at market value.

Accounting Policy

The Group classifies equity investments that are held for trading as financial assets at fair value through profit or loss (FVPL). For assets measured at fair value, gains and losses are recorded in the profit or loss.

2.4. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Trade creditors	275,938	126,717
Accrued expenses	117,644	-
Other payables	53,365	-
	446,947	126,717

Carrying value is considered to approximate fair value. Refer to note 5.1 for the Group's interest rate and liquidity risk

Accounting Policy

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

2.5. PROVISIONS

	2020 $	2019 $
Provision for Annual Leave	6,130	-
	6,130	-

Accounting Policy

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, annual leave, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

3. INVESTED CAPITAL

3.1. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Software:		
At cost	78,482	-
Accumulated depreciation	(20,929)	-
	57,553	-
Plant and equipment:		
At cost	32,496	-
Accumulated Depreciation	(4,814)	-
	27,682	-
Motor vehicles		
At cost	37,089	-
Accumulated depreciation	(2,003)	-
	35,086	-
Capital Works in Progress		
At cost	1,407,448	-
Total property, plant & equipment – written down value	1,527,769	-

Capital Works in Progress represents capital items (ultimately plant and equipment) that has been ordered and partly paid for at the Reporting Date, but where the asset has not been received and is still being constructed at the Reporting Date.

The remaining expenditure commitment relating to the Capital Works in Progress is disclosed in Note 7.1.

3.1 PROPERTY PLANT AND EQUIPMENT CONT

Movements in carrying amounts

2020	Software $	Plant and Equipment $	Motor Vehicles $	Capital Works in Progress $	Total $
Opening net book value	-	-	-	-	-
Additions	78,482	32,496	37,089	1,407,448	1,555,514
Depreciation Expense	(20,929)	(4,814)	(2,003)	-	(27,746)
Balance at 30 June 2020	**57,553**	**27,682**	**35,086**	**1,407,448**	1,527,769

2019	$	$	$	$	$
Opening net book value	-	-	-	-	-
Additions	-	-	-	-	-
Depreciation Expense	-	-	-	-	-
Balance at 30 June 2019	**-**	**-**	**-**	**-**	**-**

Key estimates and judgements (PPE)
The estimations of useful lives, residual values and depreciation methods require management judgements and are regularly reviewed. If they need to be modified, the depreciation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

Accounting Policy
Each class of property, including software, plant and equipment and motor vehicles is carried at cost less, where applicable, any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital Works in Progress are measured at cost until the capital works are completed and underlying equipment is delivered and installed for use. At the Reporting Date, management will consider there is any circumstance that has arisen that would require any adjustment to the carrying value of the capital works in progress.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Depreciation
Depreciation is provided on a straight line basis on all property, plant and equipment. This is done over the useful lives of the asset to the Company commencing from the time the asset is held ready for use.

The depreciation periods used for each class of depreciable assets are:

Class of fixed asset	Depreciation period
Software	2-3 years
Plant and equipment	2-3 years
Motor vehicles	3 years

3.2. RIGHT OF USE ASSET

	2020 $	2019 $
Properties	91,928	-
Opening balance	-	-
Acquisitions during the year	144,460	-
Depreciation Expense	(52,532)	-
Closing net book amount	91,928	-

The Group leases office space as part of its operations. The term of the lease is 24 months at the date of entering the agreement with 14 months remaining as at the Reporting Date. Further information is set out in Note 4.1.

3.3 EXPLORATION AND EVALUATION

	2020 $	2019 $
Costs carried forward in respect of areas of interest in the exploration and evaluation phases:		
Opening net book amount	-	-
Acquisition of Cheetah Resources (refer below)	9,573,102	-
Exploration expenditure	3,209,872	849,677
Exploration expenditure – expensed	(172,658)	(849,677)
Exchange rate difference	(142,900)	-
Closing net book amount	12,467,416	-
The closing balances relate to the following areas of interest:		
Nechalacho Project, Canada	12,467,415	-
Wigu Hill Project, Tanzania	-	-
	12,467,415	-

Acquisition of Cheetah Resources
On the 16 October 2019, shareholders approved the acquisition of Cheetah Resources Pty Ltd, which holds the Nechalacho Project. Exploration and evaluation expenditure in relation to areas of interest in Canada are capitalised.

The acquisition of Cheetah Resources Pty Ltd occurred on 16 October 2019, which was the day of approval. The acquisition has been treated as an asset acquisition via the issue of equity under AASB 2 Share Based Payments ("AASB 2"). The below outlines the consideration and identifiable assets and liabilities acquired at the date of acquisition:

3.3 EXPLORATION AND EVALUATION (CONT)

Consideration:	**$**
400,000,000 Ordinary Shares	4,800,000
400,000,000 Tranche A Performance Shares[1]	-
400,000,000 Tranche B Performance Shares[2]	-
Total Consideration	**4,800,000**
Assets and Liabilities acquired:	
Cash	93,859
Trade and other receivables	81,529
Financial asset	55,995
Exploration Asset	9,573,102
Property, plant and equipment	6,517
Creditors	(173,913)
Loan	(3,937,606)
Other Liabilities	(899,483)
Closing Balance	**4,800,000**

[1] - The fair value of the Tranche A performance shares issued is $4,800,000. The probability of conditions being met was assessed 0% at the date of acquisition.
[2] - The fair value of the Tranche B performance shares issued is $4,800,000. The probability of conditions being met was assessed 0% at the date of acquisition.

In line with the Group's accounting policy the performance shares issued as consideration for the asset acquisition will not be remeasured at each reporting period.

Included in the consideration paid to the vendors are fully paid ordinary shares and performance shares issued to an entity related to the Managing Director, Mr. Geoff Atkins:
- 31,149,849 Fully Paid Ordinary Shares;
- 31,149,849 Tranche A Performance Shares; and
- 31,149,849 Tranche B Performance Shares

Key estimates and judgements

Asset acquisition
The Group has determined that the acquisition of Cheetah Resources is deemed to be an asset acquisition not a business combination. In assessing the requirements of AASB 3 Business Combinations, the Group has determined that the assets acquired do not constitute a business. The assess acquired consists of mineral exploration tenements. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in the purchase transaction and no deferred tax will arise in relation to the acquired asset as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.

The Group also assessed the probability of the conditions being met for the conversion of the Tranche A and Tranche B Performance shares as 0% at the date of acquisition.

Exploration and evaluation expenditure
The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

3.3 EXPLORATION AND EVALUATION (CONT)

Accounting Policy

Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Assets acquired during the period were evaluation assets.

Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

i) rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

   a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or

   b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to the area of interest are continuing.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Government grants received in relation to exploration and evaluation expenditure are recorded as a deduction in the carrying value of the asset

Capitalised exploration costs are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserve associated with the area of interest once mining operations have commenced.

Development expenditure is recognised at cost less any impairment of losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

4. CAPITAL STRUCTURE AND FINANCING ACTIVITIES

4.1. FINANCIAL LIABILITIES

CURRENT	2020 $	2019 $
Lease liabilities	80,425	-
Bank facility at amortised cost	-	126,717
	80,425	126,717
NON CURRENT		
Lease liabilities	13,975	-
	13,975	-

The Group leases office space as part of its operations. The term of the lease is 24 months at the date of entering the agreement (with 14 months remaining as at 30 June 2020). Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 4.91%.

During the 2019 financial year the Group fully settled the outstanding Macquarie Bank Loan facility subsequent to the disposal of the Watershed Tungsten Project. Furthermore, an Amendment and Restated Royalty Deed for the Watershed Project has been executed, with Tungsten Mining NL assuming the royalty obligation owing to Macquarie Bank.

Accounting Policy Note

Leases

For the year ended 30 June 2020

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

4.1 FINANCIAL LIABILITIES (CONT)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

For the year ended 30 June 2019

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight-line basis over the length of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Adoption of new and amended Leases accounting standards

AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

In accordance with the transitional provisions of AASB 16, the Group has elected to adopt AASB 16 using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. In determining the present value, the discount rate is determined by reference to the group's incremental borrowing rate on the date of initial application of the standard (1 July 2019).

On transition to AASB 16 the Group has measured its right of use assets at the amount of the lease liability, adjusted for any lease prepayments or accruals recognised under the old leasing standard, AASB 117.

4.1 FINANCIAL LIABILITIES (CONT)

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months.

There were no lease liability arrangements as at 30 June 2019 and therefore no measurement at the present value of future lease payments on the initial date of application, being 1 July 2019 was conducted.

4.2. CONTRIBUTED EQUITY

	2020 $	2019 $
(a) Issued and paid up capital		
Fully paid ordinary shares	57,645,649	52,845,649

	2020 Number of shares	2019 Number of shares	2020 $	2019 $
(b) Movements in shares on issue				
Beginning of the year	1,742,611,288	1,742,611,288	52,845,649	52,845,649
Issued during the year:				
Issued during the year (i)	400,000,000	-	4,800,000	-
	2,142,611,289	1,742,611,288	57,645,649	52,845,649
Transaction costs on issue	-	-	-	-
End of the year	2,142,611,289	1,742,611,288	57,645,649	52,845,649

(i) Issue of shares on 22 October 2019 relating to the acquisition of Cheetah Resources Pty Ltd. Refer Note 3.3. These shares were issued at a price of $0.012 per share.

4.2 CONTRIBUTED EQUITY (CONT)

(c) Movements in options on issue	**Number of options 2020**	**2019**
Beginning of the financial year	163,598,492	231,182,434
Issued during the year:		
– Exercisable at 1.5 cents and expiring 19 July 2022	-	32,666,667
– Exercisable at 2 cents and expiring 22 October 2024*	90,000,000	-
– Exercisable at 2.5 cents and expiring 22 October 2024*	90,000,000	-
– Exercisable at 3 cents and expiring 22 October 2024*	90,000,000	-
– Exercisable at 2 cents and expiring 31 January 2025	22,500,000	-
– Exercisable at 2.5 cents and expiring 31 January 2025	22,500,000	-
– Exercisable at 3 cents and expiring 31 January 2025	22,500,000	-
Expired/cancelled during the year:		
– Exercisable at 2.7 cents on or before 25 November 2018	-	(14,096,763)
– Exercisable at 1.625 cents on or before 31 December 2018	-	(86,153,846)
– Exercisable at 1.2 cents and expiring 24 November 2019	(28,931,825)	-
End of the financial year	472,166,667	163,598,492

** Of the total 270,000,000 options issued during the period, 90,000,000 were issued to Director Geoff Atkins and 180,000,000 were issued to Mr Evan Cranston.*

(d) Terms and condition of contributed equity

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The Board's focus has been to raise sufficient funds through equity (via rights issues and placements) to fund exploration and evaluation activities. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Management also monitor capital through the assessment of adequate working capital. The working capital as at 30 June 2020 is shown below:

	2020 $	**2019 $**
Current assets	2,203,889	12,844,047
Current liabilities	(533,502)	(126,717)
Working capital	1,670,387	12,717,330

Accounting Policy

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buyback, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

4.3. RESERVES

	2020 $	2019 $
Share based payment reserve		
Opening balance	2,387,741	1,969,513
Movement for the year	2,502,918	418,228
Closing balance	4,890,659	2,387,741
Foreign Currency Translation Reserve		
Opening balance	9,449	463,238
Movement for the year	301,869	(453,789)
Closing balance	311,318	9,449
Total Reserves	**5,201,977**	**2,397,190**

(i) Share based payment reserve

The share-based payments reserve is used to recognise the fair value of options issued. Refer to note 8.1 for details.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described below. The reserve is recognised in profit or loss when the net investment is disposed of.

Accounting Policy

(i) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Vital Metals Limited's functional and presentation.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in profit or loss.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency as exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency difference are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

4.4. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

5. RISK

5.1 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments other than receivables that potentially subject the Group to concentrations of credit risk consist principally of cash deposits. The Group places its cash deposits with high credit quality financial institutions, being in Australia one of the major Australian (big four) banks. Cash holdings in other countries are not significant. The Group's cash deposits are all on call or in term deposits and attract a rate of interest at normal short-term money market rates.

The Group's exposure to credit risk is low and limited to cash and cash equivalents and other receivables. All cash and cash equivalents $1,756,773 as at 30 June 2020 (2019: $12,708,796) are held with financial institutions that have a AAA credit rating (Standard & Poor's).
The maximum exposures to credit risk are the amounts as shown in the Statement of Financial Position.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

	2020 $	2019 $
Trade and other receivables		
Trade Debtors	17,187	-
Security and other deposits	139,380	765
Other	234,549	134,487
	391,116	135,252
Cash at bank and short-term bank deposits		
AAA rating	1,756,773	12,708,796

(b) Cash flow interest rate risk
The Group's exposure to the risks of changes in market interest rates, foreign exchange rates, and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to fluctuations in foreign exchange rates of the Canadian Dollar in respect of its operations in Canada and CFA Franc in relation to its activities in Burkina Faso. The group maintains minimal working capital in Canada and Burkina Faso and only transfers cash funds as required, as such the Consolidated Statement of Financial Position exposure at any point in time is not significant. Foreign exchange risk will also arise from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group is also exposed to fluctuations in interest rates in relation to its cash deposits and commodity prices in relation to the carrying value of its exploration and evaluation assets. The Group monitors all of the above-mentioned risks and takes action as required.

5.1 FINANCIAL RISK MANAGEMENT (CONT)

The Group's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial asset and financial liability is set out below:

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturing		Non-Interest Bearing	Total
			Within 1 Period	1-5 Periods		
2020	**2020**	**2020**	**2020**	**2020**	**2020**	**2020**
	%	$	$	$	$	$
Financial assets:						
Cash at bank	0.25	1,593,380	-	-	163,393	1,756,773
Trade and other receivables	-	-	-	-	391,116	391,116
Total financial assets		**1,593,380**	**-**	**-**	**554,509**	**2,147,889**
Financial liabilities:						
Trade and other payables		-	-	-	446,947	446,947
Total financial liabilities		**-**	**-**	**-**	**446,947**	**446,947**

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturing		Non-Interest Bearing	Total
			Within 1 Period	1-5 Periods		
2019	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**
	%	$	$	$	$	$
Financial assets:						
Cash at bank	1.92%	12,708,796	-	-	-	12,708,796
Trade and other receivables		-	-	-	135,521	135,521
Total financial assets		**12,708,796**	**-**	**-**	**135,521**	**12,844,317**
Financial liabilities:						
Trade and other payables	-	-	-	-	126,717	126,717
Total financial liabilities	**-**	**12,708,796**	**-**	**-**	**8,804**	**12,717,600**

At 30 June 2020, if interest rates had changed by -/+ 25 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been $44,738 higher/lower (2019: -/+ 25 basis points, $5,514 higher/lower) as a result of lower/higher interest income from cash and cash equivalents.

5.1 FINANCIAL RISK MANAGEMENT (CONT)

Sensitivity Analysis

At the reporting date, the variable interest profile of the Group's interest bearing financial instruments were:

	2020 $	2019 $
Financial assets	1,593,380	12,708,796

	2020 $	2019 $
0.25% (2019- 0.25%) increase	44,738	5,514
0.25% (2019- 0.25%) decrease	44,738	5,514

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group has limited access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are due within 12 months of the reporting date. All other financial liabilities were fully repaid during the year.

The following are the contractual maturities of trade and other payables.

Group: at 30 June 2020	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets) /liabilities $
Trade and other payables	446,947	-	-	-	-	446,947	446,947
Financial liabilities	-	80,425	-	-	-	80,425	80,425

Group: at 30 June 2019	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets) /liabilities $
Trade and other payables	126,717	-	-	-	-	126,717	126,717

5.1 FINANCIAL RISK MANAGEMENT (CONT)

(d) Foreign Exchange Risk
A risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the consolidated entity's functional currency.

The Group operates internationally, with its major assets being held in Burkina Faso and Canada, and is exposed to foreign exchange risk arising from currency exposures to the Euro, FCFA (fixed to the Euro), and Canadian Dollar. Historically, given the level of expenditure and available funding, the Group considered its exposure to foreign exchange risk was manageable and hedging policies were not adopted. The Company, through the Managing Director and the Chief Financial Officer regularly monitor movements in the foreign currencies that the Company is exposed to. If appropriate, and from time to time, the Company may enter into forward foreign exchange contract to minimise its exposure to foreign exchange risks. The Company also has foreign currency denominated accounts that are utilised to manage this risk. The Company did not enter into any new forward foreign exchange contracts during the year.

The Board considers policies relating to foreign currency exposure from time to time and, based on available funding, proposed exploration programs and foreign currency exposures, may or may not decide to enter in further forward foreign exchange contracts. The Board will continue to review its position in respect of foreign exchange risk management and will adopt suitable policies as required.

The carrying value of foreign currency denominate monetary assets and liabilities as at the reporting date are as follows:

	Assets		Liabilities	
	2020	**2019**	**2020**	**2019**
CAD	110,459	-	586,815	-
Euro/CFA	15,620	-	16,593	-

Foreign Currency Sensitivity Analysis
The Group is mainly exposed to CAD and CFA. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	CAD Dollars		CFA	
	2020 AUD	**2019 AUD**	**2020 AUD**	**2019 AUD**
Financial Assets				
+10% Appreciation	(10,369)	-	(55,084)	-
-10% Depreciation	10,369	-	55,084	-
Financial Liabilities*				
+10% Appreciation	1,562	-	1,659	-
-10% Depreciation	(1,562)	-	(1,659)	-

* Note – the majority of the balance of financial liabilities relates to capitalised exploration expenditure. Therefore, the variations in the balance as shown in the sensitivity analysis would not impact the profit or loss, but rather the carrying value of the capitalised exploration expenditure.

5.1 FINANCIAL RISK MANAGEMENT (CONT)

Forward Foreign Exchange Contracts
As at 30 June 2020 there were no outstanding forward foreign exchange contracts (2019: Nil).

(e) Fair value of financial instruments
The carrying amounts of all financial assets and liabilities approximate their respective net fair values at reporting date.

Fair value estimation

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Trade and other payables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Borrowings

Fair value, which is determined for disclosure purposes, at the time of for establishing the financial liability and based on the present value of the remaining cash flows, discounted at the assessed weighted average cost of capital.

6. GROUP STRUCTURE

6.1. **SUBSIDIARIES**

6.2. The consolidated financial statements include the financial statements of the ultimate parent entity Vital Metals Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Interest 2020	Equity Interest 2019
Cheetah Resources Pty Ltd	Australia	100%	-
Cheetah Resources Corp.	Canada	100%	-
Vital Metal Burkina Sarl	Burkina Faso	100%	-

7. UNRECOGNISED ITEMS

7.1. COMMITMENTS

	2020 $	2019 $
EXPENDITURE COMMITMENTS		
(a) Capital expenditure commitments		
- Within one year	689,939	-
- Later than one year but not later than five years	-	-
(b) Mineral tenement commitments (including under acquisition agreements)		
- Within one year	-	-
- Later than one year but not later than five years	-	-
	689,939	-

7.2. CONTINGENCIES

There are two royalties in place relating to the Nechalacho Project:

1. A 3% net smelter return royalty.
   a) the royalty holder has agreed to waive their right to the royalty for the first five (5) years following commencement of commercial production at the Nechalacho Project; and
   b) the royalty holder has also agreed to grant Cheetah an option to pay C$2,000,000 at any time during the eight (8) year period following the acquisition of the Nechalacho Project to cancel the royalty.
2. The Murphy Royalty which is a 2.5% net smelter return royalty held by a third party. Vital holds an option to purchase the royalty for an inflation adjusted fixed amount estimated to currently be C$1,500,000.

7.3. EVENTS OCCURING AFTER THE REPORTING PERIOD

Other than as set out below, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

- In August 2020, Mr James Henderson was appointed as a Non-Executive Director and Mr Francis Harper and Mr Zane Lewis retired as Directors of the Company.
- On 24 August 2020, 12,500,000 options with an exercise price of $0.01 were exercised. There have been no other changes to securities on issue since 30 June 2020.
- On 22 September 2020 the Company announced the signing of a binding term sheet with SRC (Saskatchewan Research Council) to negotiate definitive agreements for construction of a rare earth extraction plant.
- On 26 September 2020 the Company announced that it had successfully received firm commitments to raise A$8.0 million (before costs) in new equity via a fully committed share placement to institutional, sophisticated and professional investors at an issue price of $0.02 per share (400 million shares in total)

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

8. OTHER INFORMATION

8.1. SHARE BASED PAYMENTS

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

SHARE BASED PAYMENTS	2020 $	2019 $
Options issued to directors	2,283,917	10,978
Options issued to Employee/Consultant	219,001	-
Performance Rights	-	407,250
	2,502,918	418,228

The fair value of options issued during the half year were calculated by using a black-scholes pricing model applying the following inputs.

	Directors	Directors	Directors
Grant dated	16/10/2019	16/10/2019	16/10/2019
Number issued	90,000,000	90,000,000	90,000,000
Share price at grant date	$0.03	$0.03	$0.03
Exercise price	$0.020	$0.025	$0.030
Life of options (years)	5	5	5
Expected share price volatility	100%	100%	100%
Weighted average risk free interest rate	0.77%	0.77%	0.77%
Fair value per option	$0.0089	$0.0085	$0.0081

	Consultant	Consultant	Consultant
Grant dated	21/11/2019	21/11/2019	21/11/2019
Number Issued	22,500,000	22,500,000	22,500,000
Share price at grant date	$0.13	$0.13	$0.13
Exercise price	$0.020	$0.025	$0.030
Life of options (years)	5	5	5
Vesting life (years)	1	2	3
Expected share price volatility	100%	100%	100%
Weighted average risk free interest rate	0.84%	0.84%	0.84%
Fair value per option	$0.0090	$0.0084	$0.0082

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The fair value and grant date of the options is based on historical exercise patterns, which may not eventuate in the future.

For service provider options the value of the service received was unable to be measured reliably and therefore the value was measured by reference to the fair value of the options issued.

8.1 SHARE BASED PAYMENTS (CONT)

(b) Options

Set out below are summaries of the options granted:

	Consolidated			
	2020		2019	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	58,598,492	1.70	70,028,588	1.93
Granted	337,500,000	-	-	-
Forfeited/cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	(28,931,825)	-	(14,096,763)	2.70
Outstanding at year-end	-	-	58,598,492	1.70
Exercisable at year-end	367,166,667	1.70	58,598,492	1.70

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 4.11 years (2019: 1.18 years), and the exercise price ranges from 1.5 to 3.0 cents.

There were no share options exercised in 2020 or 2019.

The range of exercise prices for options outstanding at the end of the year is $0.01 to $0.03 (2019: $0.01 to $0.023).

(c) Performance shares

On 16 October 2019, the Company issued 800,000,000 performance shares which convert to one ordinary share upon completion of the following milestones within:

- 400,000,000 Performance Shares (Tranche 1) with a fair value of $4,800,000 that will convert to one Share on the Company entering into binding offtake for a minimum of 1,000 kgs of contained REO in respect of the Nechalacho Project or Wigu Hill Project within 2 years of the Acquisition completion date; and
- 400,000,000 Performance Shares (Tranche 2) with a fair value of $4,800,000 that will each convert to one Share on the Company commencing mining operations at the Nechalacho Project or Wigu Hill Project within 3 years of the issue of the Tranche 1 performance shares.

The Company assessed the probability of conditions being met at 0% in relation to Tranche 1 and 0% in relation to Tranche 2 as at the date of acquisition. The performance shares issued as part of the acquisition will not be remeasured at each reporting period.

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

8.1 SHARE BASED PAYMENTS (CONT)

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Key estimates and judgements

The Group has an Incentive Option Scheme ("Scheme") for executives and employees of the Group.
In accordance with the provisions of the Scheme, as approved by the shareholders at the August 2019 annual general meeting, executives and employees may be granted options at the discretion of the directors.

Each share option converts into one ordinary share of VITAL METALS LIMITED on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Options issued to directors are not issued under the Scheme but are subject to approval by shareholders.

8.2 RELATED PARTY TRANSACTIONS

(a) PARENT ENTITY

The ultimate parent entity within the Group is Vital Metals Limited.

(b) SUBSIDIARIES

Interests in subsidiaries are set out in note 6.1.

(c) KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors and other key management personnel

The directors of Vital Metals Limited during the financial year were:

- Evan Cranston (appointed 22 October 2019)
- Geoff Atkins (appointed 22 October 2019)
- Phillip Coulson
- Francis Harper
- Zane Lewis
- Peter Cordin (resigned 25 September 2019)

Other key management personnel consisted of:

- Anthony Hadley

Compensation of key management personnel

	2020 $	2019 $
Short-term employee benefits	724,622	326,824
Post-employment benefits	10,023	14,581
Termination	-	175,916
Share-based payments	2,283,917	418,228
	3,018,563	935,549

8.2 RELATED PARTY TRANSACTIONS (CONT)

Other transactions:
Mr Zane Lewis was appointed a director on 6 February 2019. For the period from February 2019 to balance date, Smallcap Corporate Pty Ltd (an entity which Mr Lewis has a beneficial interest) provided company secretary and financial accounting services to the Company. Total fees incurred to Smallcap Corporate Pty Ltd for the services up to 30 June 2020 was $219,750 (2019: $18,995).

Other disclosures regarding key management personnel are made in the remuneration report on pages 9 to 12.

(d) LOANS TO RELATED PARTIES
Vital Metals Ltd has provided unsecured, interest free loans to each of its wholly owned subsidiaries totalling $Nil at 30 June 2020 (2019: $30,464,241).

8.3 PARENT ENTITY FINANCIAL INFORMATION

The following information relates to the parent entity, Vital Metals Limited, as at 30 June 2020. The information presented here has been prepared using accounting policies consistent with those presented in this report.

	2020 $	2019 $
Assets		
Current assets	1,612,809	12,760,645
Non-current assets	3,100,000	-
Total assets	4,712,809	12,760,645
Liabilities		
Current liabilities	13,916,794	114,567
Non-current liabilities	-	-
Total liabilities	13,916,794	114,567
Equity		
Issued capital	57,645,649	52,845,649
Reserves	4,890,659	2,397,189
Accumulated losses	(43,906,705)	(42,596,760)
Total equity	18,629,603	12,646,078
Financial performance		
Profit/(loss) for the year	(3,460,913)	4,647,323
Other comprehensive income	-	(448,922)
Total comprehensive Profit/(loss)	(3,460,913)	4,199,401
Contingent liabilities and commitments	-	-

There are no parent company guarantees in place at the Reporting date.

8.4 REMUNERATION OF AUDITORS

	2020 $	2019 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd		
- Audit and review of financial statements	46,214	36,801
- Other amounts received or due and receivable by BDO	-	-
Total remuneration	46,214	36,801

No non-audit services were performed during 2020 or 2019.

8.5 OTHER ACCOUNTING POLICIES

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

VITAL METALS LIMITED AND ITS CONTROLLED ENTITIES
ABN 32 112 032 596

DIRECTORS' DECLARATION

In the directors' opinion:

1. the consolidated financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 30 to 70 are in accordance with the Corporations Act 2001, including

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and,

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2020, comply with Section 300A of the Corporations Act 2001; and

The Notes to the Consolidated Financial Statements confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Evan Cranston
Chairman

Sydney: 30 September 2020

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Vital Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vital Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Cheetah Resources Pty Ltd

Key audit matter	How the matter was addressed in our audit
During the year, the Group acquired the Nechalacho Project through the acquisition of Cheetah Resources Pty Ltd, as disclosed in Note 3.3. This acquisition has been assessed as an asset acquisition, rather than a business combination. This was determined to be a key audit matter due to the significant judgement applied in determining the appropriate accounting treatment, including whether the acquisition should be classed as an asset or business acquisition and the significance of the transaction to the financial statements.	Our procedures included, but were not limited to: • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition; • Reviewing the sale and purchase agreement to understand the key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Assessing management's determination of the fair value of the share-based payments made, considering the appropriateness of the valuation used; • Agreeing the net assets acquired to support; and • Assessing the adequacy of the related disclosures in Note 3.3 to the Financial Statements.

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2020 the carrying value of the capitalised exploration and evaluation asset was disclosed in Note 3.3. As the carrying value of the exploration and evaluation asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;

Key audit matter	How the matter was addressed in our audit
This was determined to be a key audit matter due to the significant judgement applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources.	• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3.3 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Vital Metals Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 30 September 2020

The Australian Securities Exchange Limited, in respect of listed public companies, requires the following information:

1. Shareholding

(a) Distribution of shareholders as at 7 September 2020 - fully paid ordinary shares

Size of Holding	Number of Shareholders	Percentage of Holders	Number of Shares	Percentage of Shares
1-1,000 shares	43	2.2%	4,964	0.0%
1,001 - 5,000 shares	19	1.0%	59,679	0.0%
5,001 – 10,000 shares	17	0.9%	136,205	0.0%
10,000 – 100,000 shares	585	29.8%	41,463,917	1.9%
100,001 shares and over	1,300	66.1%	2,113,446,524	98.1%
Total	**1,964**	**100.0%**	**2,155,111,289**	**100.0%**

(b) Marketable Parcels

The number of shareholdings held in less than a marketable parcel is 1,115 holders with 925,827 shares as at 7 September 2020. The required marketable parcel is $500 (4,348 shares).

(c) Substantial Shareholders

As at 7 September 2020 there was one substantial shareholder who had notified the Company in accordance with section 671B of the Corporations Act 2001 as having a substantial interest of 5% or more in the Company's voting securities.

Substantial Shareholder	Number of Securities	Voting Power
TROICA ENTERPRISES PTY LTD	162,100,000	7.75%

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. There are no voting rights attached to any class of options, Performance Rights or Performance Shares on issue.

(e) On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

(f) Top Twenty Shareholders of Vital Metals Limited – Ordinary Shares:

	Fully Paid Ordinary Shares	Percentage of Total (%)
TROICA ENTERPRISES PTY LTD	162,100,000	7.75%
MR GAVIN JEREMY DUNHILL	83,000,000	3.85%
TRANSOCEAN PRIVATE INVESTMENTS PTY LTD <TRANSOCEAN PRIVATE INVES A/C>	79,432,114	3.69%
EQUIPMENT COMPANY OF AUSTRALIA PTY LIMITED	78,158,174	3.63%
AUSDRILL INTERNATIONAL PTY LTD	68,000,000	3.16%
BLU BONE PTY LTD	55,043,580	2.55%
TISIA NOMINEES PTY LTD	45,733,489	2.12%
KINGSLANE PTY LTD <CRANSTON SUPER PENSION A/C>	41,932,489	1.95%
OCEAN VIEW WA PTY LTD	41,000,000	1.90%
CITICORP NOMINEES PTY LIMITED	38,066,888	1.77%
KOBIA HOLDINGS PTY LTD	35,043,580	1.63%
MR ALEXANDER MICHAEL WORT	35,000,000	1.62%
ATKINS PROJECTS AND INFRASTRUCTURE PTY LTD	31,149,849	1.45%
C G HEATH PTY LTD	25,000,000	1.16%
MR RUSSELL GREGORY GARROD	24,000,000	1.11%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,255,736	1.03%
HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	22,000,000	1.02%
NEREENA PTY LTD <NEREENA SUPER FUND>	20,147,473	0.93%
MR SIMON NAPOLI	20,000,000	0.93%
SEAMIST ENTERPRISES PTY LTD	19,468,655	0.90%
Totals: Top 20 Holders of ORDINARY Shares (TOTAL)	**951,532,027**	**44.15%**
Total Remaining Holders Balance	**1,203,579.262**	**55.85%**
Total All shareholders	**2,155,111,289**	**100.0%**

2. UNQUOTED EQUITY SECURITIES

The unquoted equity securities outstanding are as follows:

Number	Class	Holders with more than 20% interest in that class
12,500,000	Class A Performance Rights	Phil Coulson (6,250,000) Zane Lewis (6,250,000)
20,000,000	Class B Performance Rights	Phil Coulson (10,000,000) Zane Lewis (10,000,000)
25,000,000	Class C Performance Rights	Phil Coulson (12,500,000) Zane Lewis (12,500,000)
50,000,000	Unlisted options exercisable at 2.0 cents expiring 30 April 2021	Argonaut Investments Pty Ltd (25,000,000) JSR Nominees Pty Ltd (12,500,000) Francis Harper (12,500,000)
27,000,000	Unlisted options exercisable at 2.3 cents expiring 30 April 2021	Ardentis Pty Ltd (15,000,000) David Macoboy (6,000,000)
12,500,000	Unlisted options exercisable at 1.0 cents expiring 17 November 2021	JSR Nominees Pty Ltd (6,250,000) Francis Harper Pty Ltd (6,250,000)
32,666,667	Unlisted options exercisable at 1.5 cents expiring 19 July 2022	Argonaut Investments Pty Ltd (10,000,000) Francis Harper (10,000,000) Boston First Capital Pty Ltd (10,000,000)
22,500,000	Unlisted options exercisable at 2.0 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000)
22,500,000	Unlisted options exercisable at 2.5 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000)
22,500,000	Unlisted options exercisable at 3.0 cents expiring 31 January 2025	Mathew Edler (12,500,000) Darren Sutton (7,500,000)
90,000,000	Unlisted options exercisable at 2.0 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
90,000,000	Unlisted options exercisable at 2.5 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
90,000,000	Unlisted options exercisable at 3.0 cents expiring 22 October 2024	Atkins Projects and Infrastructure Pty Ltd (Geoff Atkins) (30,000,000) Konkera Pty Ltd <Konkera Family A/c> (Evan Cranston) (60,000,000)
400,000,000	Performance Shares – Tranche A	-
400,000,000	Performance Shares – Tranche B	-

Distribution of holders of unquoted equity securities

	Class A Performance Rights		Class B Performance Rights		Class C Performance Rights		Unlisted options ($0.02 @ 30/04/2021)		Unlisted options ($0.023 @ 30/04/2021)	
	No. of holders	No. of securities	No. of holders	No. of securities	No. of holder	No. of securities	No. of holder	No. of securities	No. of holders	No. of securities
1 – 1,000	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	-
100,001 and over	2	12,500,000	2	20,000,000	2	25,000,000	3	50,000,000	4	27,000,000
Total	2	12,500,000	2	20,000,000	2	25,000,000	3	50,000,000	4	27,000,000

	Unlisted options ($0.01 @ 17/11/2021)		Unlisted options ($0.015 @ 19/7/2022)		Unlisted options ($0.02 @ 31/1/2025)		Unlisted options ($0.025 @ 31/1/2025)		Unlisted options ($0.03 @ 31/1/2025)	
	No. of holders	No. of securities	No. of holders	No. of securities	No. of holder	No. of securities	No. of holders	No. of securities	No. of holders	No. of securities
1 – 1,000	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	-
100,001 and over	2	12,500,000	6	32,666,667	3	22,500,000	3	22,500,000	3	22,500,000
Total	2	12,500,000	6	32,666,667	3	22,500,000	3	22,500,000	3	22,500,000

	Unlisted options ($0.02 @ 22/10/2024)		Unlisted options ($0.025 @ 22/10/2024)		Unlisted options ($0.03 @ 22/10/2024)		Performance Shares – Tranche A		Performance Shares – Tranche B	
	No. of holders	No. of securities	No. of holders	No. of securities	No. of holder	No. of securities	No. of holders	No. of securities	No. of holders	No. of securities
1 – 1,000	-	-	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-	-	-
100,001 and over	2	90,000,000	2	90,000,000	2	90,000,000	22	400,000,000	22	400,000,000
Total	2	90,000,000	2	90,000,000	2	90,000,000	22	400,000,000	22	400,000,000

Details in respect of Performance Securities on Issue

Details of the Performance Rights on issue are as follows:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
Number of Performance Rights on Issue as at 30 June 2020	12,500,000	20,000,000	25,000,000
Summary of Terms of the Performance Securities	To vest on the date that the 10-day VWAP for the Shares on the ASX is $0.012 or higher on or before 28 February 2023	To vest on the date that the 10-day VWAP for the Shares on the ASX is $0.015 or higher on or before 28 February 2023	To vest on the date that the 10-day VWAP for the Shares on the ASX is $0.02 or higher on or before 28 February 2023
Performance Securities vested	12,500,000	20,000,000	-
Performance Securities converted during the year to 30 June 2020	-	-	-

Details of Performance Shares on issue are as follows:

	Performance Shares – Tranche A	Performance Shares – Tranche B
Number of Performance Rights on Issue as at 30 June 2020	400,000,000	400,000,000
Summary of Terms of the Performance Securities	Convert into Shares upon the Company entering into a binding offtake agreement or agreements with an unrelated third party purchaser or purchasers with demonstrated capacity to complete for a minimum of 1,000 kgs of contained REO in respect of the Thor Lake Project or Wigu Hill Project within 2 years of the Completion Date	Convert into Shares upon the commencement of mining operations (based on a mining plan approved by the Company) in respect of the Thor Lake Project or Wigu Hill Project, within 3 years of the issue of the Tranche A Performance Shares.
Performance Securities vested	-	-
Performance Securities converted during the year to 30 June 2020	-	-

3. COMPANY SECRETARY

The name of the Company Secretary is Louisa Martino.

4. REGISTERED OFFICE

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Website: www.vitalmetals.com.au

5. REGISTERS OF SECURITIES

Automic Registry Services
Suite 1a, Level 1
7 Ventnor Ave
West Perth, WA, 6005
Telephone: 1300 288 664

6. STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
(ASX Code: VML)

7. RESTRICTED SECURITIES

The Company has the following restricted securities: nil