

Stock Commentary

Subject: Vital Metals Limited:

Metallurgical Testwork in the Tardiff Zone for Stage 2 of Planned Production Delivers Better Than Expected Positive Results, Further De-risking Nechalacho

Results Again Firmly Underpin Nechalacho's Status as a Truly World Class Rare Earth Project, Demonstrating Decades of Mine Life

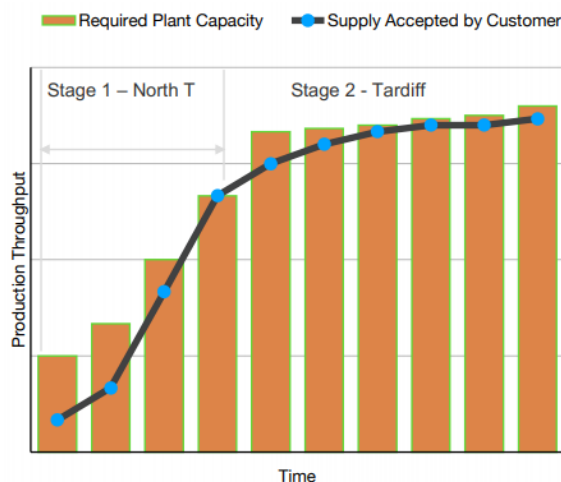
Background

Vital Metals Limited (ASX:VML) announced on 23rd June 2021 the outcome of a bulk metallurgical test work program undertaken in the Tardiff Zone 1 at the Company's wholly owned Nechalacho Rare Earths Project, located in the Northwest Territories, Canada.

The Tardiff Zone is planned to be mined in Stage 2 of the Company's planned operations following completion of mining at North T (now underway) in 2025.

Key Takeaway Points

- 1) The results have surprised on the upside and have demonstrated the amenability of the Tardiff Zone ore to be processed through the same plant set up (same process flowsheet) which is currently being utilised at North T. This knowledge bodes extremely well for the Company in that it demonstrates that the already low capital-intensive project will be able to further save substantial capital costs on Stage 2 by utilising North T plant following the depletion of North T mining reserves in 2025.
- 2) The planned future commencement of Stage 2 Tardiff Zone in 2025 as previously discussed in our research report dated 27 April 2021 is the point at which the project significantly ramps up production from 1,000tpa REO to 5,000tpa. It is very important to understand that the modular nature and simplicity of the plant flow sheet uniquely allows Nechalacho as a project to be very amenable to bringing that planned commencement of Stage 2 earlier than 2025, should a response to market demand be required. This is not hugely promoted or known in the market, but we are aware of it. The graph below usefully shows planned supply demand for Stages 1 and 2 year by year and demonstrates the positive impact of Stage 2 production in year 5.



- 3) It is known that the Tardiff Zone which is situated over the main intrusive body contains a finer grained bastnasite than the more peripheral pegmatite related North T deposit. We observe that a simple flotation circuit is added to the back end of the plant to allow capture of the finer grained mineralisation and the test work has demonstrated the strong amenability of the ore at Tardiff to allow recovery by flotation. This new knowledge now substantially further de-risks the project.

4) The reader of this stock commentary is encouraged to also read the Peloton Capital Initiating Coverage research report on VML dated 27th April 2021 for further details and Price Target Recommendation.

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