

VITAL AND UCORE EXECUTE MOU FOR THE SUPPLY OF RARE EARTH CARBONATE

HIGHLIGHTS

- Vital Metals and Ucore Rare Metals (TSX-V: UCU, OTCQX: UURAF) have signed a non-binding Memorandum of Understanding (MOU) for Vital to supply rare earth carbonate feedstock for Ucore's ALASKA2023 project
- Vital to sell to Ucore a minimum of 500t REO (ex-cerium)/year, commencing H1 2024
- Vital to expand production to support a minimum of 50% of Ucore's envisioned 5,000t TREO/yr processing capability by 2026
- The MOU will position Vital as a key supplier of rare earths in the North American market, building on its offtake agreement with REEtec in Europe
- Vital to commence product acceptance with Ucore in Q4 CY21 by supplying a sample of concentrate produced from its Nechalacho rare earths project in NWT, Canada.

Vital Metals Limited (ASX: VML) ("Vital Metals" or "the Company") is pleased to announce it has signed a non-binding Memorandum of Understanding ("MOU") with rare earth processing technology developer Ucore Rare Metals Inc. (TSX-V: UCU, OTCQX: UURAF, "Ucore") for the supply of rare earth carbonate.

Ucore is focused on developing rare earth processing technologies through its ALASKA2023 project, with the goal of fostering an independent American REE supply chain and aims to secure a US-allied REE feedstock source. The ALASKA2023 project focuses on developing a Strategic Metals Complex (SMC) heavy rare earth element (HREE) and light rare earth element (LREE) separation plant in Southeast Alaska, using Innovation Metal Corp.'s (IMC) proprietary RapidSX™ critical metals separation technology platform. On October 7, 2021 Ucore announced the execution of a Memorandum of Agreement (MOA) with Alaska's Southeast Conference for the funding of the Alaska Strategic Metals Complex ("Alaska SMC").

Ucore's Alaska SMC plant will have an initial 2,000t/year TREO separation and purification capacity with a scheduled commencement date in H1 2024. The Ucore Alaska SMC plant is expected to have an expanded capacity to at least 5,000t/year TREO by 2026.

Vital Metals' Managing Director Geoff Atkins said the MOU with Ucore was an important step in Vital positioning itself as a key supplier of rare earth feedstock in the North American critical minerals supply chain.

"This agreement is an important and exciting entrance into the North American downstream rare earth supply chain. We are particularly excited that, similarly with REEtec's position in the European market, Ucore represents the most advanced new rare earth separation company entering into the North American market. To reach this agreement to ensure Ucore's Alaska SMC



has a guaranteed supply of rare earth feedstock to service the North American market is an important milestone in delivering Vital's business plan. This agreement, together with our binding off-take agreement with REEtec, will help position Vital as a critical supplier of rare earth feedstock into both the European and North American markets. We are continuing to grow our operations in Canada and are well-placed to supply both geographies with the complete suite of rare earths," Mr. Atkins said.

"We look forward to further developing our relationship with Ucore with a view to finalising a definitive off-take agreement and the commencement of supply of feedstock for the Alaska SMC."

"Vital Metals is the first rare earth producer in Canada and Ucore is extremely pleased to be associated with a company that is on the leading edge of developing a North American rare earth element supply chain," said Mr. Pat Ryan, P.Eng., Ucore Chairman and CEO. "This partnership with Vital is an integral step in the development of the Alaska SMC, as Ucore continues to cultivate relationships with potential like-minded upstream and downstream partners in the evolving Western world market; with the ultimate goal of ensuring that original equipment manufacturers transforming to an electrified economy continue to have access to a comprehensive North American raw material and finished goods supply chain."

Terms of the MOU

The main terms of the non-binding MOU are as follows:

- Vital will sell to Ucore a minimum of 500t REO (ex-cerium)/year by H1 2024.
- Vital will expand its operations to supply to Ucore a minimum of 50% of Ucore's proposed 5,000t TREO/yr RE separation plant by 2026.
- Customer acceptance protocols will include the supply of a sample (1-2kg) this quarter with a 1t sample supplied in H2 2022.
- The MOU is subject to completion of due diligence by each party.
- The parties will negotiate one or more formal agreements ("**Definitive Agreements**") which will include such covenants, conditions, indemnities, representations and warranties as are customary for this type of transaction.
- The rights and obligations of the parties under the MOU expire upon the execution of Definitive Agreements. Either party may terminate the MOU after seven months from the date of execution.

Vital is producing rare earth concentrate from its Nechalacho rare earth project in NWT, Canada, with construction of its Rare Earth Extraction plant in Saskatoon, Saskatchewan, Canada, underway. First feed into the plant is on schedule to commence December 2021, with first product produced June 2022.

The MOU with Ucore follows recent amendments to Vital's offtake agreement with REEtec AS, which will see Vital increase rare earth product sales to REEtec by 50% (refer ASX Announcement dated 18 October 2021).

- ENDS-

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

ABOUT VITAL

Vital Metals Limited (ASX: VML) is Canada's first rare earths producer following commencement of production at its Nechalacho rare earths project in Canada in June 2021. It holds a portfolio of rare earths, technology metals and gold projects located in Canada, Africa and Germany.

Nechalacho Rare Earth Project - Canada

The Nechalacho project is a high grade, light rare earth (bastnaesite) project located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralisation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a JORC Resource of **94.7MT at 1.46% TREO** comprised of a Measured Resource of 2.9MT at 1.47% TREO, an Indicated Resource of 14.7MT at 1.5% TREO, and an Inferred Resource of 77.1MT at 1.46% TREO.¹

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production output.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

¹ Refer ASX Announcements dated 13 December 2019, 19 February 2020 and 15 April 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.