

2021 Notice of Annual General Meeting

Attached are the following documents in respect of **Vital Metals Limited's** (ASX: **VML**) ("**Vital**", "**Vital Metals**" or "**the Company**") 2021 Annual General Meeting to be held on Thursday, 25 November 2021 commencing at 2.30pm (AEDT).

1. Notice and Access Letter
2. Notice of Annual General Meeting and Explanatory Statement
3. Proxy Form

These documents and the Company's 2021 Annual Report are available at <https://vitalmetals.com.au/investor-centre/>

- ENDS-

Contact:

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This announcement has been authorised for release by the Company Secretary.

22 October 2021

Vital Metals Limited 2021 Annual General Meeting Notice and Access Letter

As part of the Australian Government's response to the Coronavirus crisis, the Federal Parliament introduced the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021 (Act)* temporarily permitting electronic meetings.

The Act allows notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location

The Annual General Meeting (**AGM**) of Vital Metals Limited (**VML or the Company**) will be held at Level 10, Kyle House, 27 Macquarie Street, Sydney NSW 2000 and will be accessible via a live webcast, on 25 November 2021 at 2.30pm (AEDT).

Shareholders and proxyholders may participate in our AGM via a live webcast of the meeting through the AGM online platform, including the ability to ask questions and vote online during the AGM. Please refer to the Important Information section of the Notice of Meeting for further details.

Details of where you can access this year's Notice of Meeting and other meeting documents, lodge a vote and participate in the AGM are set out below.

The Board considers the health, safety and welfare of the Company's staff, its Shareholders and the broader community to be paramount. Due to the continuing developments in relation to the COVID-19 situation and public health concerns, VML will be closely monitoring the evolving COVID-19 situation in Australia. In light of the continuing evolving circumstances, VML has decided to provide shareholders with the opportunity to attend and participate in the AGM virtually as permitted by government regulations. As it is unknown whether all Shareholders will be permitted to travel or permitted to attend the Meeting in person should they choose to do so, the Meeting will be accessible to all Shareholders virtually via a live webcast.

Access the meeting documents online

The 2021 Notice of Meeting, Annual Report and other meeting documents are available online at **www.vitalmetals.com.au**. In accordance with the Act, the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has requested a hard copy. Shareholders can request a paper copy of the Notice of Meeting by contacting Automic Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

Access the meeting documents and lodge your vote online during the AGM at investor.automic.com.au by logging into your investor account (refer below).

Attending the meeting online

To access the virtual meeting and vote online during the Meeting:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click “**register**” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on “**View**” when this appears
4. Click on “**Register**” and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on “**Refresh**” to be taken to the voting screen
7. Select your voting direction and click “**confirm**” to submit your vote. **Note that you cannot amend your vote after it has been submitted**

Lodge your proxy and voting instructions before the meeting online, by mail or by fax

Shareholders are strongly encouraged to vote by proxy. Enclosed with this notice is a paper copy Proxy Form which you can either use to lodge your voting instructions online, or complete and return by mail, fax, email or in person, following the instructions on the Proxy Form.

For your voting instructions to be effective they must be received not less than 48 hours before the time for holding the AGM (that is, by 2.30pm (AEDT) on Tuesday 23 November 2021).

VITAL METALS LIMITED

ACN 112 032 596

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.30pm (AEDT)

DATE: 25 November 2021

PLACE: Level 10, Kyle House, 27 Macquarie Place, Sydney NSW 2000

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders to be paramount. Accordingly, the number of physical attendees at the Meeting will be limited to the maximum number of attendees permitted based on the relevant Government regulations and guidelines in force at the time of the Meeting. As it is unlikely that all Shareholders will be permitted to attend the Meeting in person should they choose to do so, the Company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform, where shareholders will be able to watch, listen, and vote online. Details of how to access the virtual Meeting are contained in the Notice of Meeting.

The Chair will adjourn the Meeting if the number of shareholders attending the Meeting will lead to a violation of relevant Government laws and regulations on crowds and gatherings.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61) 2 8823 3179.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held on Thursday, 25 November 2021 at 2.30pm (AEDT).

In light of the current global outbreak of Coronavirus (COVID-19), the implementation of social distancing requirements and the restriction imposed by State Governments on gatherings of individuals and inter and intra state travel, the Board of Vital Metals Limited has decided that special arrangements will apply for the Meeting.

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders, and other stakeholders to be paramount. Accordingly, the Meeting will be held at Level 10, Kyle House, 27 Macquarie Place, Sydney NSW 2000 and virtually, accessible to all Shareholders via a live webcast, further details of which are set out below.

WEBCAST

The Company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform.

To access the virtual meeting and vote online during the Meeting:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted**

QUESTIONS

Shareholders will have the opportunity to submit questions during the Meeting in respect to the formal items of business to be conducted at the Meeting.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at on Tuesday, 23 November 2021 at 7:00pm (AEDT).

VOTING AT THE MEETING

The passing of each Resolution arising at this Meeting will be decided by a poll. Upon a poll, every person who is present in person or by proxy, corporate representative, or attorney, will have one vote for each Share held by that person.

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast.

Shareholders are strongly urged to vote by proxy prior to the Meeting and to appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how their vote is to be exercised on each Resolution. The Chair of the Meeting MUST follow the Shareholder's instructions. Instructions for voting by proxy are set out on the Proxy Form.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61) 2 8823 3179.

BUSINESS OF THE MEETING

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form comprise part of this Notice.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the directors, the Directors' report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR EVAN CRANSTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Article 7.2(b) of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Evan Cranston, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 4 – RATIFICATION OF AGREEMENT TO ISSUE OPTIONS TO ADVISER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the agreement to issue of 20,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Ecoban Securities Corporation) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 5 – PROPORTIONAL TAKEOVER PROVISIONS

To consider, and if thought fit pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing Schedule 5 of the Company's Constitution for a period of three years from the date of approval of this Resolution.”

Dated: 22 October 2021

By order of the Board

Louisa Martino
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting. This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.vitalmetals.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR EVAN CRANSTON

3.1 General

Pursuant to Article 7.2(b) of the Constitution, there must be an election of Directors at each annual general meeting of the Company. This can be satisfied by, among other things, retirement of Directors by rotation. The Company's Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Evan Cranston who has served as a Director since 22 October 2019 and was last elected on 16 October 2019, retires by rotation and being eligible, seeks re-election.

3.2 Qualifications and other material directorships

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 Director of Carbine Resources Limited (ASX: CRB), Non-Executive Chairman of Firebird Metals Limited (ASX: FRB) and Chairman and Director of TSX-listed Benz Mining Corp (TSX-V:BZ).

3.3 Independence

If elected the Board considers Mr Cranston will be an independent Director.

3.4 Board recommendation

The Board of Directors (other than Mr Cranston) supports the election of Mr Cranston and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which, as at the date of this Meeting, is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. As at 5 October 2021 the Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure and development of the Company's current assets, ongoing project administration and for general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 5 October 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.028	\$0.055	\$0.083
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	4,165,483,084 Shares	416,548,308 Shares	\$11,455,078	\$22,910,157	\$34,365,235
50% increase	6,248,224,626 Shares	624,822,463 Shares	\$17,182,618	\$34,365,235	\$51,547,853
100% increase	8,330,966,168 Shares	833,096,617 Shares	\$22,910,157	\$45,820,314	\$68,730,471

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 4,165,483,084 Shares as at the date of this Notice of Meeting;
2. The issue price set out above is the closing market price of the Shares on the ASX on 5 October 2021;
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.

6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (i) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 26 November 2020 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 24 November 2020, the Company issued 267,469,462 Shares pursuant to the Previous Approval (**Previous Issue**), which represents approximately 7.33% of the total diluted number of Equity Securities on issue in the Company on 24 November 2020, which was 3,651,179,464.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 2A	Date of Issue: 29 March 2021 Date of Appendix 2A: 29 March 2021
Recipients	Professional and sophisticated investors as part of a placement announced on 19 March 2021. The placement participants were identified through a bookbuild process, which involved Canaccord, Tectonic Advisory Partners and Peloton Capital seeking expressions of interest to participate in the placement from non-related parties of the Company.
Number and Class of Equity Securities Issued	267,469,462 Shares ²
Issue Price and discount to Market Price¹ (if any)	\$0.065 per Share (at a discount of 6.15% to Market Price).
Total Cash Consideration and Use of Funds	Amount raised: \$17,385,515 Amount spent: \$5,256,086 Use of funds: applied towards mining operations at Nechalacho and the Company commencing processing operations including extraction plant EPCM and for general working capital. Amount remaining: \$12,129,429 Proposed use of remaining funds⁴: applied towards acquisitions, the Company commencing processing operations in Q2 CY2021 including extraction plant EPCM and for general working capital.

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of announcement of the proposed issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: VML (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

4.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

5. RESOLUTION 4 – RATIFICATION OF AGREEMENT TO ISSUE OPTIONS TO ADVISER

5.1 Overview

On 9 August 2021, the Company announced it had entered into an agreement (**Agreement**) for the provision of capital markets consulting and advisory services with Ecoban Securities Corporation ("**Tectonic**").

Tectonic played a key role in the introduction of strategic investors as part of the Company's \$43M capital raise (refer ASX announcement 19 March 2021), and with the strategic importance of North American rare earth production the introduction of dedicated US market support will be of increasing importance to the future growth of the Company. Tectonic's scope of services includes, but is not be limited to, the following initiatives:

- Assistance with shareholder maintenance;
- Continuous introduction to institutional investors, including in-person and/or virtual roadshows during the term of the agreement;
- Introduction to various relevant market participants including Investment Banks;
- Introducing potential strategic investors;
- Comprehensive advice and support in relation to US listing options, including OTC and ADR.

Upon signing the Agreement the Company is to issue to Tectonic 10,000,000 3-year unlisted options with an exercise price of \$0.07, vesting immediately and 10,000,000 3-year unlisted options with an exercise price of \$0.07 which will vest upon any of the following vesting conditions being met:

- Vital Metals exceeds a market capitalization of A\$1 billion;
- A US or appropriate other (equivalent) listing obtained, via IPO or other means such as RTO (or equivalent) or ADR listing;
- Change of Control event; or
- At Vital Metals' board discretion.

Together these are referred to as "**Adviser Options**".

This Resolution seeks Shareholder approval for the ratification of the agreement to issue Adviser Options in accordance with Listing Rule 7.4.

5.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

At the time of the entry into the Agreement, the Company had capacity to issue the Adviser Options for the purpose of Listing Rule 7.1. Accordingly, the agreement to issue the Adviser Options did not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Adviser Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the agreement to issue the Adviser Options.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the agreement to issue the Adviser Options.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Adviser Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Adviser Options.

If Resolution 4 is not passed, the Adviser Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Adviser Options.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

5.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Adviser Options will be issued to Ecoban Securities Corporation and/or its nominee/s;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) a related party of the Company, member of the Company's Key Management Personnel, substantial holder of the

Company, adviser of the Company or an associate of any of these parties; and

- (ii) issued more than 1% of the issued capital of the Company;
- (c) the agreement to issue the Adviser Options was entered into on 9 August 2021 and it is intended that the Adviser Options will be issued either prior to or within three months of the date of Shareholder approval pursuant to this Resolution 4;
- (d) the maximum number of Adviser Options to be issued is 20,000,000. The terms and conditions of the Adviser Options are set out in Schedule 1;
- (e) It is intended that the Adviser Options will be issued in one tranche either prior to or no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) the Adviser Options have a nil issue price, and are issued in part consideration for the services provided by Tectonic. The Company has not and will not receive any other consideration for the issue of the Adviser Options;
- (g) the purpose of the issue of the Adviser Options is to satisfy the Company's obligations under the services mandate with Tectonic as set out in Section 5.1 above;
- (h) the Adviser Options are being issued to Ecoban Securities Corporation and/or its nominee/s. A summary of the material terms of the agreement are set out above and in Schedule 2; and
- (i) the Adviser Options are not being issued under, or to fund, a reverse takeover.

6. RESOLUTION 5 – PROPORTIONAL TAKEOVER PROVISIONS

6.1 Background

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in a general meeting approving the offer.

Under the Corporations Act and Schedule 5 of the Company's Constitution, the provisions must be renewed every three years or they will cease to have effect. The Directors consider that it is appropriate to renew approval for Schedule 5 of the Company's Constitution for a period of three years from the date of the Annual General Meeting (after which it will have to be renewed by a further special resolution of Shareholders each 3 years).

6.2 Proportional Takeover Bids

A proportional takeover bid is an off market takeover offer sent to all Shareholders but only in respect of a specified portion of each Shareholder's Shares in the Company (i.e. less than 100%). Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of the Shareholder's Shares and retain the balance of the Shares.

6.3 Effect of Proportional Takeover Provision

The effect of Schedule 5 of the Company's Constitution is that if a proportional takeover bid is made to Shareholders, the Directors are obliged to conduct a postal ballot or convene a meeting of Shareholders to be held at least 15 days before the offer closes. The purpose of the ballot or meeting is to vote on a resolution (**Approving Resolution**) to approve the proportional takeover bid. The Approving Resolution is passed if more than 50% of the votes cast on the resolution by Members (excluding the Bidder and their associates) are in favour of the resolution.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect, means that Shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of Shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of Shares resulting from that proportional takeover bid is prohibited and the offer is deemed by the Corporations Act to be withdrawn.

The proportional takeover provisions do not apply to a full takeover bid.

6.4 Reasons for Proposing this Resolution

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without Shareholders having the opportunity of disposing of all of their Shares. Shareholders could be at risk of passing control to the offeror without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

If Resolution 5 is passed, Schedule 5 of the Constitution can prevent this occurring by giving Shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed. The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

6.5 Presently Proposed Acquisitions

As at the date of this Explanatory Statement, no Director is aware of any proposal by any person by any person to acquire or increase the extent of a substantial interest in the Company.

6.6 Potential Advantages and Disadvantages of Proportional Takeover Provisions during the Period in which they have been in Effect

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they were in effect.

The Directors consider that Schedule 5 of the Company's Constitution has no potential advantages or potential disadvantages for the Directors as they remain free to make whatever recommendations they consider appropriate on any proportional takeover bid that may be made.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (e) proportional takeover bids may be discouraged;
- (f) lost opportunity to sell a portion of their Shares at a premium;
- (g) the likelihood of a proportional takeover bid succeeding may be reduced; and
- (h) the provisions may be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

The Directors of the Company do not believe that the disadvantages mentioned above, nor any other possible disadvantages, as justification for not renewing the proportional takeover provisions for three years. In particular, Shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

6.7 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5. Each Director intends to vote all the Company's Shares controlled by him or her in favour of the Resolution.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

Adviser Options means 20,000,000 Options to be issued under the corporate advisory agreement entered into with Ecoban Securities Corporation discussed at Section 5.1.

AEDT means Australian Eastern Daylight Time.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair the Meeting.

Class Order means ASIC Class Order 14/1000 as amended or replaced.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Vital Metals Limited (ACN 112 032 596).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act* 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form **Option** means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day has the meaning given in the Listing Rules.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

VWAP means volume weighted average market price.

SCHEDULE 1 – TERMS AND CONDITIONS OF ADVISER OPTIONS

The material terms and conditions of the Adviser Options are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be AU\$0.07 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (AET) on 9 August 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Vesting Date

- 10 million options will vest immediately; and
- 10 million options will vest upon any of the following vesting conditions being met:
 - Vital Metals exceeds a market capitalization of A\$1 billion;
 - A US or appropriate other (equivalent) listing obtained, via IPO or other means such as RTO (or equivalent) or ADR listing;
 - Change of Control event; or
 - At Vital Metals' board discretion.

(e) Exercise Period

The Options are exercisable at any time from the Vesting Date to on or prior to the Expiry Date (**Exercise Period**).

(f) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- For personal use only
- ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF CORPORATE ADVISORY AGREEMENT

The terms and conditions of the agreement entered into with Ecoban Securities Corporation ("Tectonic") for the provision of capital markets consulting and advisory services are as follows.

Scope of services. Include, but not be limited to, the following initiatives:

- (i) Assistance with shareholder maintenance;
- (ii) Continuous introduction to institutional investors, including in-person and/or virtual roadshows during the term of the agreement;
- (iii) Introduction to various relevant market participants including Investment Banks;
- (iv) Introducing potential strategic investors; and
- (v) Comprehensive advice and support in relation to US listing options, including OTC and ADR.

Retainer. Upon signing the Company will issue 10,000,000 3 year Options with an exercise price of \$0.07. These options shall vest immediately. In addition the Company will Issue 10,000,000 \$0.07 options which will vest upon any of the following vesting conditions being met:

- Vital Metals exceeds a market capitalization of A\$1 billion;
- A US or appropriate other (equivalent) listing obtained, via IPO or other means such as RTO (or equivalent) or ADR listing;
- Change of Control event; or
- At Vital Metals' board discretion.

Capital Raise Fee. The Company shall pay Tectonic a cash placement fee (the "Placement Agent's Closing Fee") equal to 5% of the value of the shares placed to Tectonic investors in any transaction, including asset level deal, JV or similar transaction. The Placement Agent's Closing Fee shall be paid at the Closing from gross proceeds. Tectonic will be paid in the same format and currency as the Company.

M&A Fee. If any party introduced by Tectonic during the agreement buys the Company or the assets, a merger or an acquisition of the corporation or a sale of any assets from the Company, Tectonic will be paid a 1% fee of the total amount of consideration including all shares and cash or any other currency or form of payment.

Term and Termination of Engagement. The term (the "Term") of Tectonic's engagement will end in 12 months or 30 days after receipt hereto of written notice of termination. The Company and Tectonic can mutually agree to extend this agreement in 12 month intervals.

Fee Tail. Tectonic shall be entitled to a fee with respect to any public or private offering or other financing or capital-raising transaction of any kind ("Tail Financing") to the extent that it occurs with parties introduced by Tectonic to the Company, directly or indirectly, during the Term, if such Tail Financing is consummated at any time within the 18-month period following the expiration or termination of this agreement (the "Tail Period").

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **2.30pm (AEDT) on Tuesday, 23 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 3: Sign Here + Contact

Further information on how to do this is set out in the Notice of Meeting. The Explanatory Notes that accompany and form part of the Notice of Meeting describe the various matters to be considered.

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).