

Vital Metals Limited

ASX Code: **VML**

ACN: 112 032 596

64 Churchill Avenue,
Subiaco, WA 6008

Tel: +61 8 9388 7742

Fax: +61 8 9388 0804

Email:
vital@vitalmetals.com.au

www.vitalmetals.com.au

Capital Structure

261.3 million shares

70.0 million unlisted
options

Board & Management

David Macoboy
Chairman

Mark Strizek
CEO and Managing Director

Peter Cordin
Non-Executive Director

Andrew Simpson
Non-Executive Director

Ian Hobson
Company Secretary

For further information:

Investors:

Mark Strizek
Managing Director
Vital Metals
(08) 9388 7742

Media:

Nicholas Read
Read Corporate
(08) 9388 1474

WATERSHED FEASIBILITY STUDY CONFIRMS STRONG ECONOMICS FOR 2.5Mtpa TUNGSTEN OPERATION

- Key findings from the Definitive Feasibility Study (DFS) for Vital's flagship 70%-owned Watershed Tungsten Project in Queensland demonstrate strong Project returns, with highlights including:
 - *A\$178M pre-tax NPV₈ and IRR of 28% on an ungeared basis at a life-of-mine average APT price of US\$455/mtu and an exchange rate of A\$1:US\$0.90;*
 - *2.5Mtpa operation delivering high-quality tungsten concentrate over an initial mine life of approximately 10 years;*
 - *Competitive life-of-mine cash operating costs of around US\$200/mtu;*
 - *Projected life of mine revenue of A\$1,080M;*
 - *Life-of-mine EBITDA of A\$526M and post-tax free cash-flow of A\$255M;*
 - *Pre-production capital estimate of A\$172M including contingency; and*
 - *Capital payback period of 2.6 years.*
- Project is fully permitted with all Mining Leases, Environmental Authority and Indigenous Land Use Agreement in place.
- DFS delivery is the expected catalyst for JOGMEC to transfer its 30% interest in the Watershed Project to a new Joint Venture partner that would have an off-take interest and responsibility for arranging its share of project finance.
- Maiden Ore Reserve of 21.3Mt grading 0.15% WO₃ for 31,400 tonnes of contained WO₃ with a strip ratio of 3:1 waste to ore.
- Simple open cut mining operation using excavators and trucks, no pre strip required. Ore is processed into readily saleable concentrate using simple processing involving ore sorting, spirals and flotation.
- Metallurgical test work has indicated average process recovery of 73.6% WO₃ to deliver a high-grade concentrate (>65% WO₃) with very low contaminants, making it extremely attractive to tungsten metal producers located in Japan, USA and Europe. Further test work could increase recoveries.
- Significant exploration potential to add additional mineral resources near to the proposed mine development.
- Based on successful completion of project finance, there is a clear pathway to begin development in 2015.

Cautionary Statement

The Definitive Feasibility Study (DFS) referred to in this announcement is based on a Proved and Probable Ore Reserve derived from a Measured and Indicated Mineral Resource, plus a small proportion of mining inventory, which comprises material that is currently classified as Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The Company advises that the Proved and Probable Ore Reserve provides 93% of the total tonnage and 93% of the total WO₃ metal underpinning the forecast production target and financial projections, and that the additional life of mine plan material comprises less than 7% of the total tonnage and WO₃ metal. Furthermore, in the first five years of production, 95% of the material planned to be processed is based on Proved and Probable Ore Reserves. As such, the dependence of the outcomes of the DFS and the guidance provided in this announcement on the lower confidence Inferred Mineral Resource material contained in the life of mine plan, is minimal (refer Appendix A).

The Company has concluded that it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for this conclusion are outlined throughout this announcement and in particular in the Appendix headed "Forward Looking and Cautionary Statements".

Definitive Feasibility Study Summary

Vital Metals Limited (ASX: VML) is pleased to announce that it is firmly on track to become an Australian tungsten concentrate producer after delivering a positive Definitive Feasibility Study (DFS) on its flagship **Watershed Tungsten Project** in Queensland, which outlines a robust 2.5Mtpa project capable of generating revenues of **A\$1,080 million** and EBITDA of **A\$526 million** over an initial mine life of 10 years.

The strong economics of the proposed A\$172 million development – including a **A\$112 million** post-tax NPV₈ and **IRR of 22%** for a 2.5Mtpa operation – provide a strong foundation for the Company and its 30% Joint Venture Partner, JOGMEC, to transfer JOGMEC's interest in the Watershed Project to a new Japanese development and off-take partner, who will have responsibility for 30% of the required Project funding.

The DFS was managed by Vital with support and input from JOGMEC, as well as a number of Australian and International engineering companies and industry experts.

The Project is now positioned for immediate development, with all necessary environmental and indigenous approvals in place, including seven mining leases covering a total area of 1,904 hectares that are valid until 1 December 2033.

The DFS highlights the technically low risk and economically robust nature of the Watershed Project, which is expected to become one of the most significant tungsten mines in the western world.

The Project has total Measured, Indicated and Inferred Mineral Resources of 49.32Mt at 0.14% WO₃ for 70,400 tonnes of contained WO₃ at a cut-off grade of 0.05% WO₃. Based on

the Measured and Indicated components of this Mineral Resource, the Project has a maiden Proved and Probable Ore Reserve comprising 21.3Mt grading 0.15% WO₃ for 31,400 tonnes of contained WO₃ with a strip ratio of 3:1 waste to ore.

Initial development will be as an open pit mining operation, with mining conducted by excavator and truck. Based on a mining rate of 2.5Mtpa, it is expected that the project will have a life of 10 years with excellent opportunities to further increase the mine life through future exploration.

Ore will be delivered to a ROM stockpile before being processed through a circuit containing crushing, X-ray transmission ore sorting, rod milling, and gravity separation with spirals, ball milling and flotation.

Average process recovery will be 73.6% WO₃ into a high grade concentrate containing >65% WO₃ with very low arsenic (<0.005%) and uranium/thorium (<30ppm) levels, making it extremely attractive to APT producers located in Japan, USA and Europe.

The capital costing for the Project, incorporating access road, power, accommodation village, earthworks, mining and processing plant has been estimated at A\$172 million including contingency.

Operating costs including mining, processing and overheads have been estimated at an average of A\$56 million per annum during full production.

Project financial modelling (Table 1) for an equity case using a price forecast of US\$455/mtu and an exchange rate of \$A1.00: \$US0.90 indicates a life of mine revenue of A\$1,080 million with an EBITDA of A\$526 million and free cash flow post tax of A\$256 million over 10 years of operation.

Project NPV using a discount rate of 8% is A\$178 million (pre-tax) and A\$112 million (post-tax) with an IRR of 28% and 22% respectively. Using this scenario, Project payback is very robust, being achieved in 2.6 years.

Table 1: Watershed at a Glance.

Item	Unit	Equity Case
Project NPV ₈ real Pre Tax Ungeared	A\$M	178
Project NPV ₈ real Post Tax Ungeared	A\$M	112
IRR Pre Tax Ungeared	%	28
IRR Post Tax Ungeared	%	22
Life of Mine Revenue	A\$M	1,080
Life of Mine EBITDA	A\$M	526
Free Cashflow Pre Tax	A\$M	364
Free Cashflow Post Tax	A\$M	256
Project Capital	A\$M	172
Life of Mine C1 Cash Cost	A\$/mtu	228
Recovered WO ₃	Tonnes	25,000
Payback from First Production	Years	2.6
Project Life	Years	10

Management Comment

Vital's Managing Director, Mark Strizek, said:

"The completion of the DFS is a major milestone for the Company, with the results clearly demonstrating that Watershed is a quality project, with strong technical fundamentals and financial returns from an initial 10-year mine life."

"Together with our Joint Venture partner, JOGMEC, and key consultants such as Sedgman Limited, Orelogy, H&SC Consultants, Optimum Capital and GBRM, the Vital Metals team has worked extremely hard in delivering this result for shareholders and, while there is still much work to be done, they can be very proud of the results achieved to date."

"We look forward to now working with JOGMEC to secure a new Japanese Joint Venture partner to progress the Watershed Project development through off-take and financing agreements."

"This process is already well underway, and, pending the successful transfer of JOGMEC's interest and the completion of a suitable financing package for Vital's share of the development costs, we hope to commence construction at Watershed in 2015 and have first ore production before the end of 2016."

Transfer of JOGMEC's Joint Venture Interest

JOGMEC (Japan Oil, Gas and Metals National Corporation) currently holds a 30% interest in the Watershed Project after contributing a total of \$5.4 million towards the Watershed Definitive Feasibility Study.

JOGMEC is a Japanese government agency that is responsible for ensuring Japan has access to a steady flow of key natural resources, including tungsten.

Under the earn-in agreement signed in May 2011, JOGMEC has the right to transfer its stake to a Japanese company that would have an off-take interest and responsibility for arranging their share of project finance.

JOGMEC has already identified and met with a number of Japanese companies who may wish to acquire its interest in the Watershed Project, and the delivery of the DFS is expected to be the catalyst to move these negotiations to the next stage.

This model of a 30% project interest held by a Japanese company has been successful in the development of mineral resource projects around the world. Recent transactions by Australian resource companies involved in similar 70/30 joint ventures with Japanese companies have delivered very favourable debt funding outcomes for these companies and their projects.

A highlight of these transactions has been the low overall cost of project debt which tends to average around 4.5% of the drawn amount. Debt:equity ratios also tend to be more generous at up to 70%:30% debt:equity split and the terms of the funding facilities are normally longer than conventional project debt.

JOGMEC is an important player in these transactions, providing support for the Japanese companies involved in the resource projects in the form of a bank guarantee to the Japanese bank that finances the resource project.

PROPERTY LOCATION

The Watershed Project is located in the Australian state of Queensland, 115km north-west of Cairns (Figure 1).

The Project is accessible by means of a 24 km, formed and graded, unsealed access road running from the state controlled dual lane Mulligan Highway which connects the Atherton Tablelands area to Cooktown.

A state owned power line runs parallel to the Mulligan Highway, and the line currently has excess capacity which would meet the Projects requirements.

Vital Metals has secured all necessary Indigenous Land Use Agreements, Environmental Authority, and has compensation agreements in place with the Pastoral lease holders.

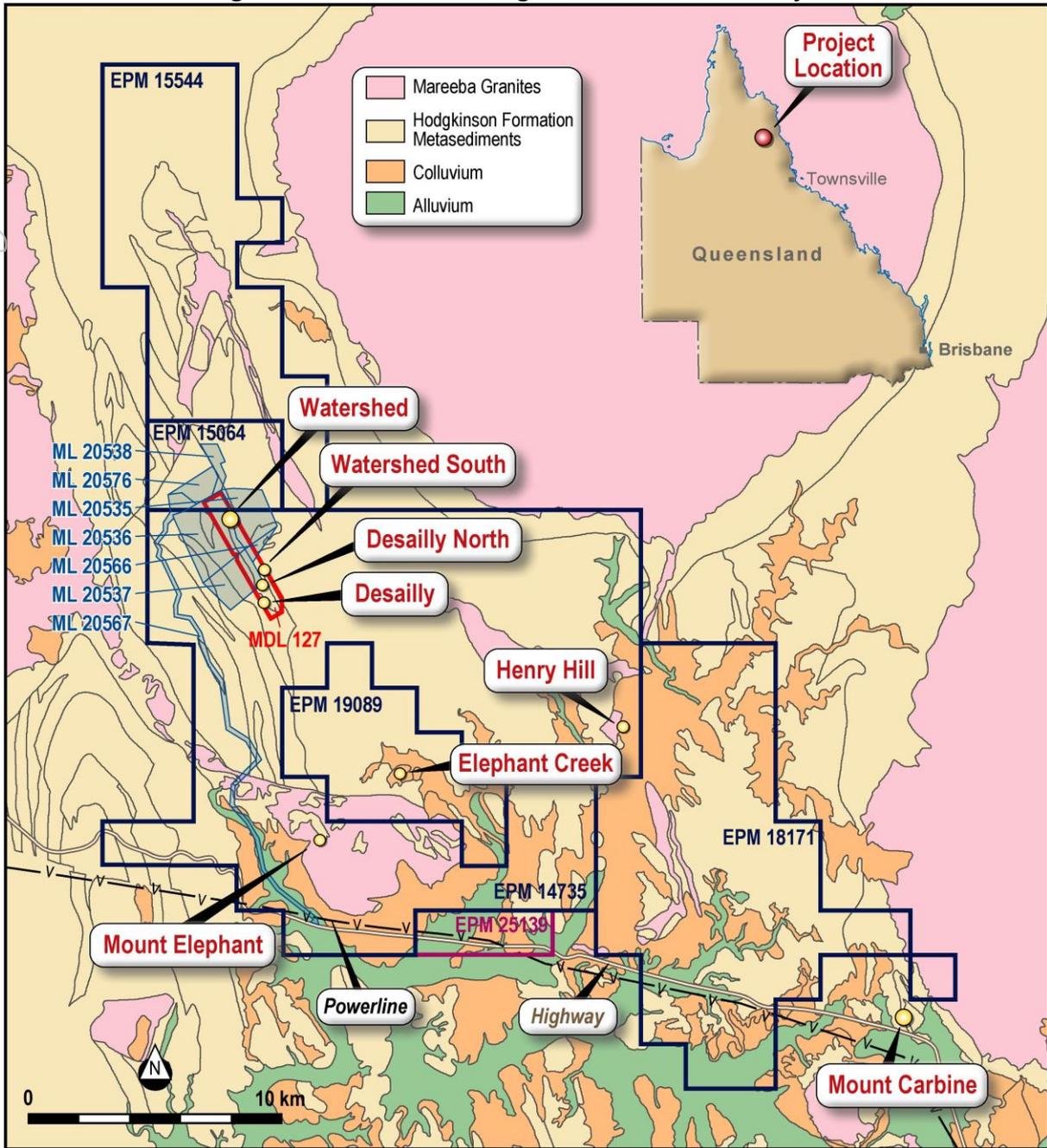
The Project (Figure 2) comprises seven Mining Leases with a total area of 1,904 hectares. The Mining Leases are valid until 1st December 2033.

All holdings are held by North Queensland Tungsten a wholly owned subsidiary of Vital Metals. These holding are currently subject to a Memorandum of Agreement with JOGMEC, who have earned a 30% interest in the Project.

Figure 1: Location of the Watershed Project.



Figure 2: Tenement Holdings of the Watershed Project.



For personal use only

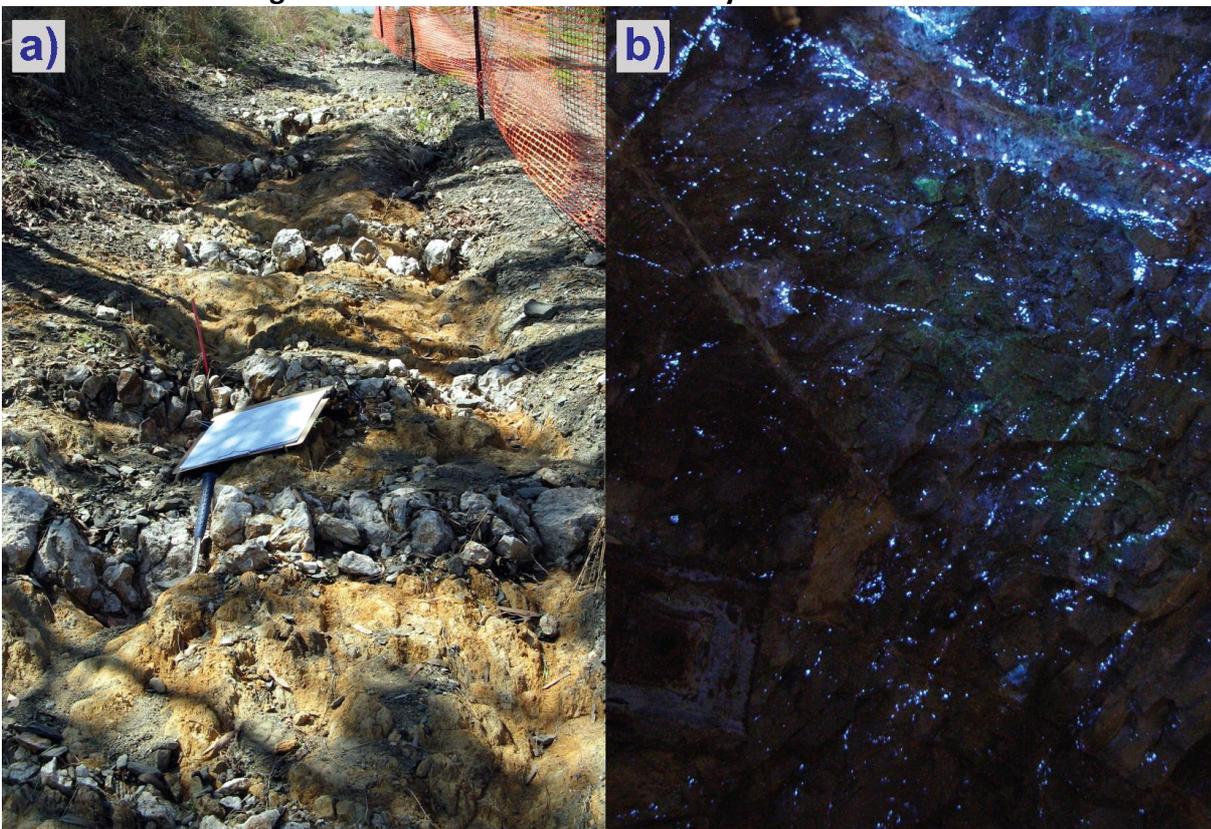
Geology

The economically important mineral at Watershed is scheelite, which is hosted by calc-silicate and albite-muscovite altered units as well as by quartz-feldspar veins contained within these altered units.

Three styles of mineralisation (Figure 3) are observed:

- East-west orientated quartz-scheelite vein swarms (a) with some locally developed north-south veins. The highest tungsten grades occur where veins are hosted by the calc-silicate altered units and biotite is present, and
- Disseminated scheelite mineralisation (b) within the calc-silicate altered calcareous limestone and arenaceous units.
- Albitised felsic dyke (not shown).

Figure 3: Scheelite mineralisation styles at Watershed.



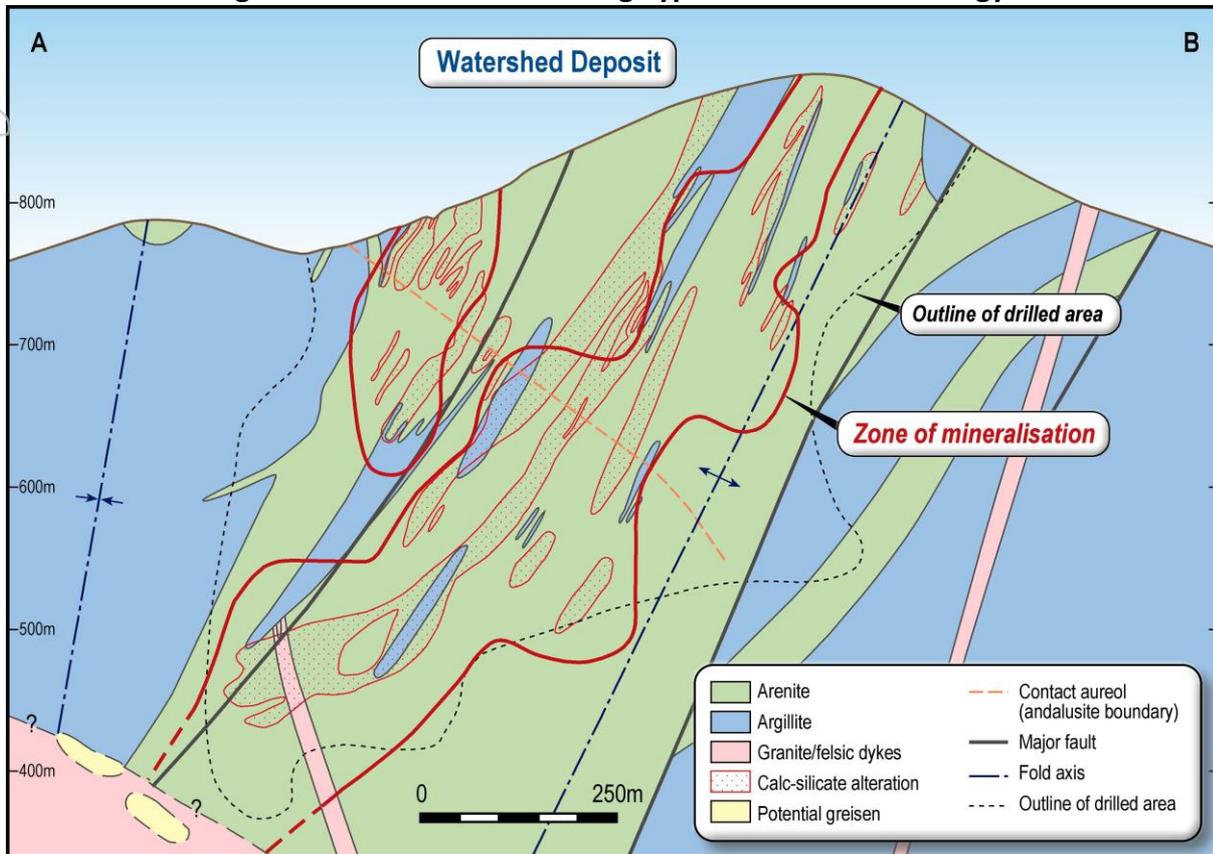
Scheelite is the sole economic tungsten bearing mineral present within the deposit with wolframite reported as a trace mineral of no significance. Significantly the scheelite is a molybdenum-free variety (molybdenum in scheelite attracts penalties from APT smelters) and consequently fluoresces blue-white.

Vital Metals' accepted model for the genesis of the scheelite mineralisation (Figure 4) describes a sequence of magmatic/hydrothermal events broadly outlined as follows:

- Formation of calc-silicate (iron-poor skarn-type) rock units by a local metamorphic event involving the selective alteration of calcareous sediments;
- An early hydrothermal event that introduced disseminated scheelite mineralisation, with some scheelite-bearing veining, to the calc-silicate altered rock units;

- A later hydrothermal event resulting in the major veining event, accompanied by a quartz-albite-biotite-pyrrhotite alteration event, adding extra and high-grade vein-type, scheelite mineralisation.

Figure 4: Cross Section Showing Typical Watershed Geology.



Watershed was discovered by the Utah Development Company (Utah) in 1978 as a consequence of a regional exploration program for tungsten. In 1984 the prospect passed to a joint venture between Utah and Peko Wallsend Operations Limited (Geopeko).

Exploration work continued until mid-1986 when Geopeko withdrew from the joint venture. At this point the tungsten deposits were secured under a Mineral Development Licence by BHP in 1986.

Activities were restarted in 2005 when ownership of the Mineral Development Licence passed to Vital Metals Ltd. Vital embarked on a program of exploration drilling to increase the size and confidence in the scheelite mineral resource.

Extensive exploration work encompassing some 54,024.4m from 334 diamond and reverse circulation drill holes (Table 2) has been undertaken on the deposit between 1980 and 2011.

Table 2: Watershed Drilling Programs 1980-2011.

Period	Drilled		Assayed		
	Operator	Holes	Metres	Count	Metres
Aug. '80 - Aug. '82	Utah	43	11,497.8	5,883	5,896.4
Aug. '85 - Sept. '85	Geopeko	12	8,25.7	414	415.3
Nov. '05-Dec. '11	Vital	279	41,701.0	18,585	18,589.4
Total		334	54,024.5	24,882.0	24,901.1

Mineral Resource

In 2012 H&S Consultants Pty Ltd (H&SC) were appointed by Vital Metals to complete the latest mineral resource estimate for the Watershed deposit. This update followed on from the H&SC 2008 model and used the same Multiple Indicator Kriging (MIK) modelling method with additional drilling from the Vital Metals 2011 program.

The exploration database on which the resource estimates are based contains over 243 holes and 15 costeans for a total of 54,024 metres of which 47,983 metres are diamond core. The entire diamond core library, including the first discovery hole is available on site for inspection.

In 2007 Vital conducted an RC drilling program over three areas. This drilling was set out on a tight 10m by 10m "grade control" pattern and demonstrated a favourable comparison with the exploration spaced diamond drilling over the same volume.

All drill cores and chips have been sampled and assayed under a detailed quality control process encompassing umpire assaying, reference standards, primary crush duplicates and pulp duplicates. Independent review of the quality control protocols has found a high level of precision suitable for inclusion in the DFS.

Scheelite mineralisation intersected by exploration drilling can be of relatively high grade and tenor. Within the resource database, over 300 composite intervals exceed 5m length and have an average grade of 0.5% WO₃. There are also 160 composites with a length exceeding 5m having an average grade of 1.0% WO₃.

The resource estimates were generated from 26,226 2m composites in six geologically defined domains with two sub-domains for partially weathered material and fresh rock. Grade modelling used MIK with a maximum search distance of 26m by 52.5m by 52.5m and a minimum number of data points of 8 to generate grades for a 10m by 25m by 5m panel size with an SMU of 2.5m by 5m by 2.5m. Classification of the resources was based in part on the assumption that Vital plan to selectively mine the deposit via an open pit method.

The current Mineral Resource estimate for the Watershed deposit consists of Measured, Indicated and Inferred Mineral Resources (Table 3). The resource data was prepared in accordance with the JORC Code 2004 guidelines for Mineral Resource reporting.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 3: Watershed Deposit Mineral Resources¹.

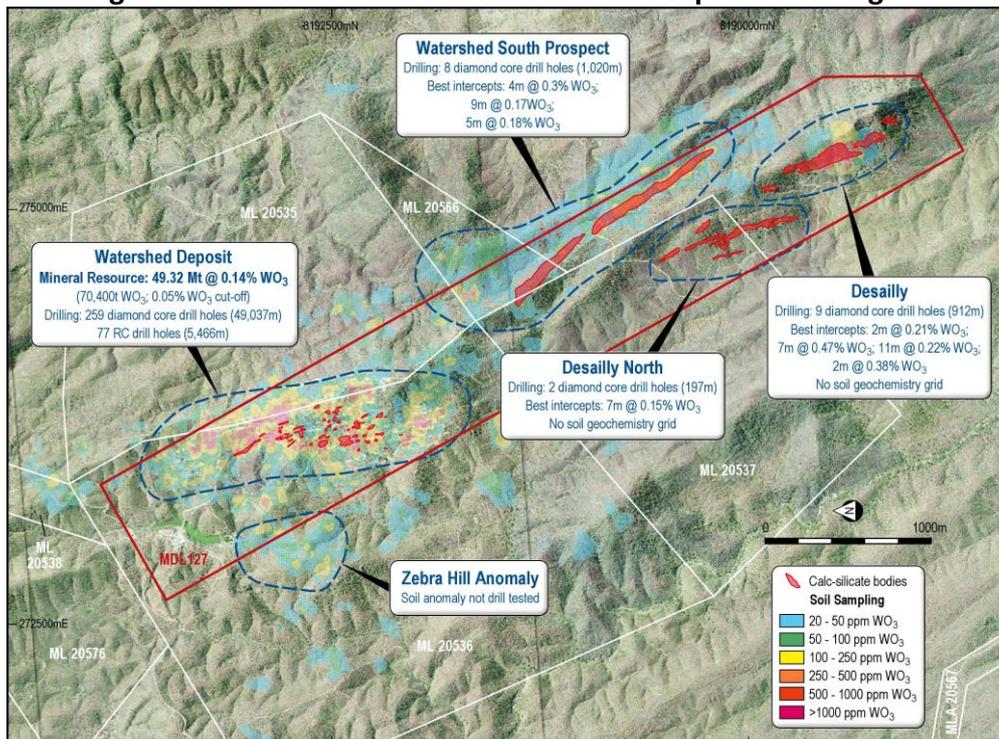
WO ₃ % Cut off	Measured		Indicated		Inferred		Combined		Contained WO ₃ Tonnes
	Mt	WO ₃ %	Mt	WO ₃ %	Mt	WO ₃ %	Mt	WO ₃ %	
0.05	9.47	0.16	28.36	0.14	11.49	0.15	49.32	0.14	70,400
0.1	4.42	0.25	11.51	0.24	4.73	0.26	20.66	0.25	50,700
0.15	2.69	0.34	6.66	0.32	2.83	0.35	12.18	0.33	40,400
0.2	1.93	0.41	4.56	0.39	2.05	0.41	8.53	0.4	34,100
0.3	1.09	0.53	2.4	0.52	1.17	0.54	4.66	0.53	24,600

There are good prospects for further scheelite mineralisation to be identified and added to the inventory following further exploration (Table 4). Scheelite mineralisation remains open at depth and along strike of the current Mineral Resource (Figure 5).

Prospective open pit drill ready targets on surface include Watershed South, Desailly and Desailly North (Figure 5). These prospects are all within a 5km radius of proposed process plant.

Significant exploration potential exists to support the development of an underground operation in the future to add further life to the Project. Tungsten mineralisation grades have been observed to increase with depth; MWD119 intersected 20m @ 1.27% WO₃ from 302m downhole (Figure 6).

Figure 5: Watershed Mineral Resource and Exploration Targets.



¹ Estimate reported 30 July 2012, Quarterly Activities & Cashflow Report. Mineral Resources classified using JORC 2004 guidelines.

Figure 6: Long Section of Watershed Mineral Resource.

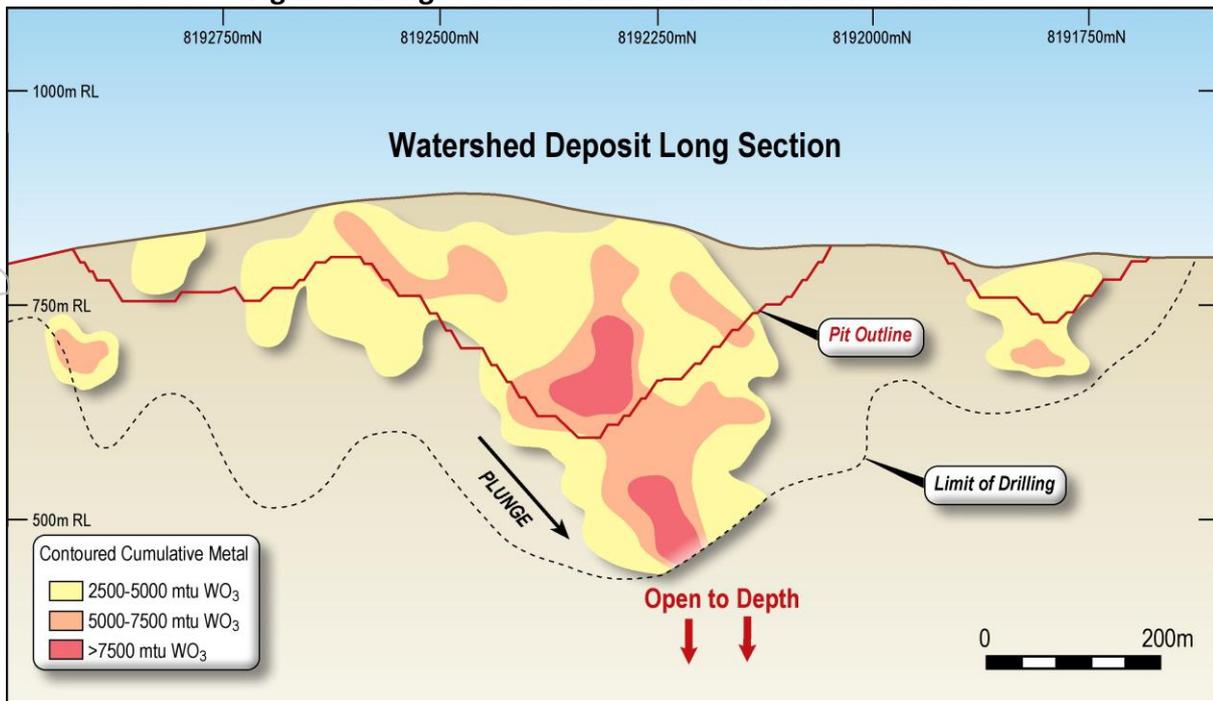


Table 4: Watershed Exploration Potential².

Name	Tenement	Elements of Interest	Tonnage Range (kt)	Grade Range	Comments
Watershed	ML	W	49,300	0.14%	Current Mineral Resource reported at 0.05% cut-off
Watershed Deeps*	ML	W	10,500 – 14,000	0.14 - 0.25%	*Exploration Targets: These Exploration Targets are conceptual in nature, and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.
Watershed South*	MDL127	W	830 - 1,000	0.06 - 0.15%	
Desailly North*	MDL127	W	830 - 1,000	0.06 - 0.15%	
Desailly*	MDL127	W	1,150 – 1,500	0.06 - 0.15%	
Mt Elephant*	EPM 14735	W, Sn	1,000 - 3,000	0.06 - 0.15%	
Exploration Potential inclusive of current Mineral Resource		W	64,000-71,800	0.14-0.16%	

² Exploration Potential reported 25 November 2013, AGM Presentation.

Mining

Mining studies have been completed by Orelogy Group Pty Ltd (Orelogy), a specialist mining engineering firm. Mining studies for the Project have included;

- Scoping Studies;
- Optimisations;
- Scheduling;
- Mining Fleet recommendations;
- Mining Cost Modelling;
- Geotechnical drilling and modelling;
- Pit Designs, and
- Waste Rock Dump Designs.

Mine production is based on an optimised cut-off grade schedule developed to feed the processing plant at a rate of 2.5Mtpa.

The operation is planned to have a life of 10 years. Mining will be undertaken for a period of 9 years after which low grade stockpiles will be processed. As has been discussed there is significant potential that further exploration will be successful in identifying additional near mine resources (either surface or underground) and extending the mine life.

Primary rock breakage is planned to be achieved by conventional drill and blast techniques, with secondary breakage completed by either mobile rock breaker or secondary drill and blast (estimated to be less than 1% of ore moved).

Mining by 200 tonne hydraulic excavator and 100 tonne dump trucks was selected as it provided the lowest technical risk relative to other mining options. It also allowed for greater certainty in estimating mining capital and operating costs.

Dempers & Seymour Pty Ltd (D&S) developed a Mining Rock Mass Model (MRMM) which was used to develop pit slope design parameters for the Project. In 2008 D&S geotechnically logged 131 exploration drill holes for 24,225m. D&S also designed and logged seven geotechnical holes to complete geotechnical coverage of the designed pit extents.

Based on the rigorous analyses of the MRMM, D&S has provided a range of recommended pit slope parameters for the pit design. Rock conditions at Watershed are generally good with the recommended pit inter-ramp slope angle being between 47 to 55 degrees for the weathered/transitional material and between 48 to 55 degrees for the fresh rock.

Batter heights and angles varied by material type and domain, the average height recommended for the weathered/transitional material was 10m with a 55 degree slope. In the fresh rock batter height were generally set as 20m.

Conventional grade control will be completed with assaying at the onsite laboratory to facilitate quick turnaround times. As the ore is easily identified a high level of geological control will be maintained during mining. As can be seen in Figure 7, the ore is a creamy white colour and the waste is black which will assist selective mining.

Figure 7: Example of Ore/Waste Interface.



Pit dewatering will be undertaken by in-pit sump pumping with inflow from pit walls and seasonal rainfall directed to these sumps for removal to storage/settling ponds. Prior to the wet season a portion of the pit will be advanced by at least one bench level below the active face with large capacity drainage sumps developed on this lower level.

The Waste Rock Dumps are designed for co-disposal of processing materials. As such the dumps will contain all waste materials generated by the mining and processing operations.

Metallurgy

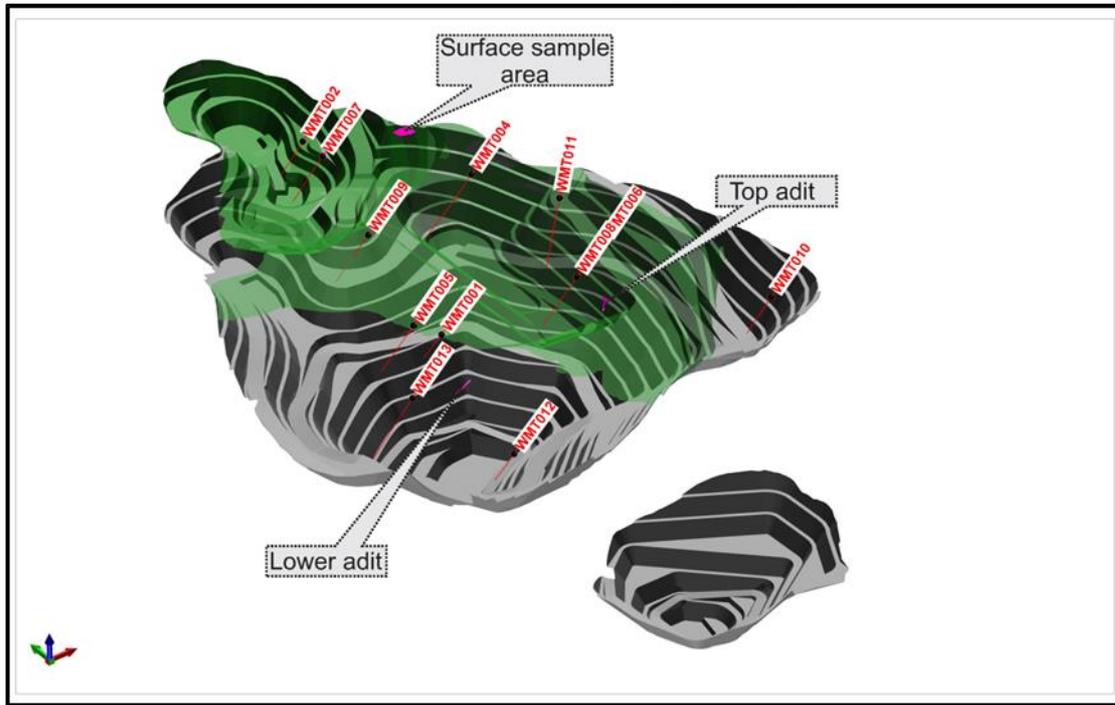
Extensive metallurgical testwork has been carried out on the Watershed deposit (Figure 8). Mineralogical investigations of the ore have been made from both bulk samples (underground adit) and metallurgical drill core from 11 HQ/PQ holes drilled specifically for this purpose.

The metallurgical bulk samples were targeted to be representative of the ore resource by taking samples across the whole deposit to ensure that the scheelite mineralisation was amenable to the proposed metallurgical flowsheets.

More than one hundred tonnes of material was mined from two adits and a single surface location. A total of 11 HQ/PQ drill core samples were drilled into the deposit to obtain spatially representative samples for metallurgical viability testing.

Examination of these samples has shown that scheelite is the only tungsten mineral of interest. The grain size distribution of the scheelite is between 0.32 and 0.01mm with full liberation is achieved at 75 microns. The major gangue minerals are quartz followed by feldspar, zoisite, kaolinite, amphibole, epidote and titanite.

Figure 8: Watershed Metallurgical Samples.



A characteristic of scheelite ores is that scheelite grinds preferentially to other minerals and over grinding must be prevented in order to maximise mineral recovery. The flowsheet has been developed to meet these objectives (Figure 9).

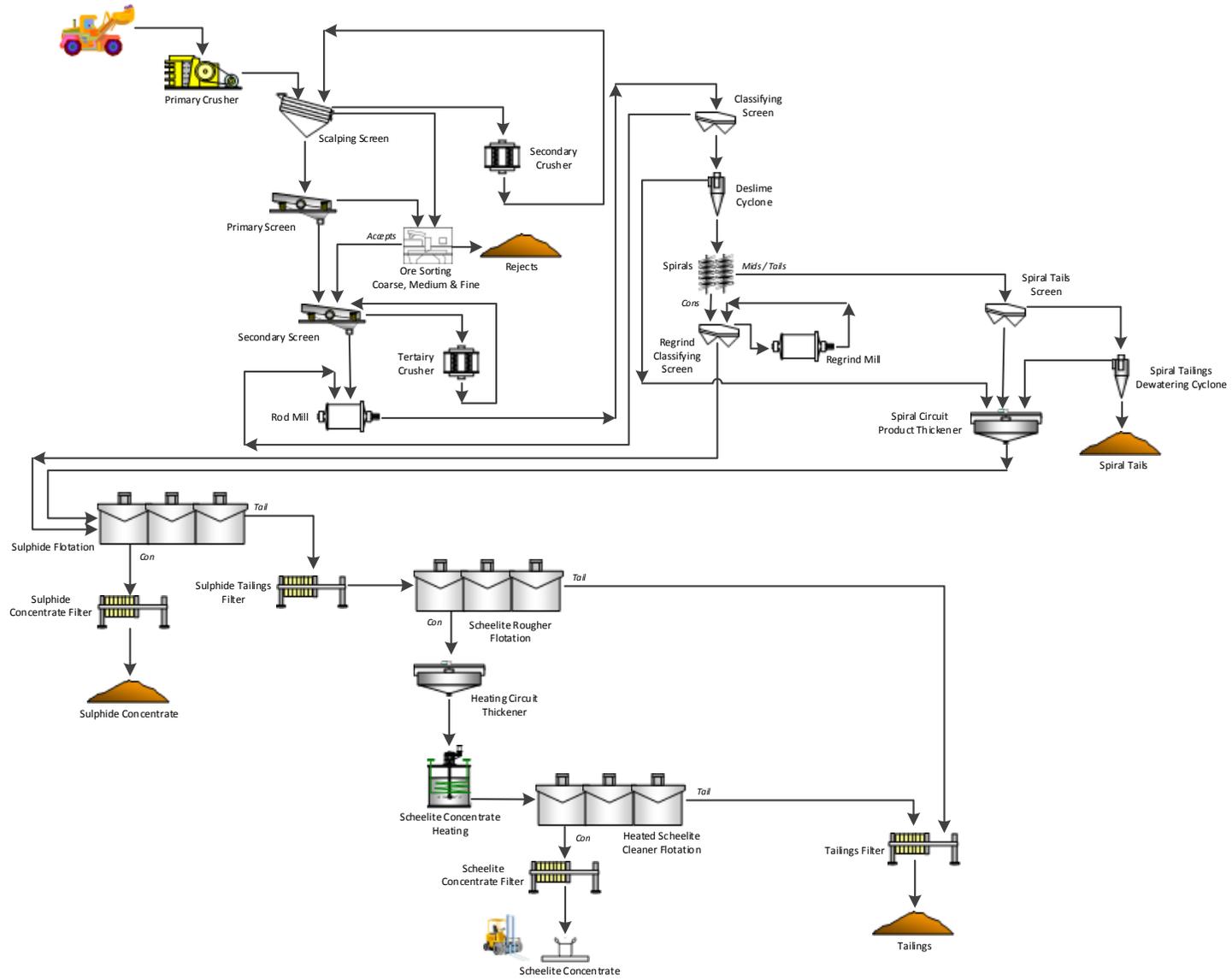
Based on recent ore-sorting, gravity separation and flotation testwork Sedgman and Vital have developed a process flowsheet which includes:

- Two stage crushing to -80mm;
- X-Ray Transmission (XRT) ore sorting at three sizes -80+40mm, -40+20mm, and -20+10mm;
- Rod mill grinding of -10mm and XRT accept material to -600 microns;
- Gravity Separation Circuit incorporating Spirals and Screening;
- Ball mill grinding to 100% -125 microns, and
- Three stage flotation circuit:
 - sulphide flotation
 - scheelite flotation, and
 - modified Petrov Process heated scheelite flotation.

Average plant recovery is projected to be around 73.6% WO_3 , with a tungsten product grade in excess of 65% WO_3 , and very low levels of arsenic <0.005% and Uranium/Thorium <30ppm, making the scheelite concentrate attractive to APT producers in Japan, USA and Europe.

Opportunities to increase the metallurgical recovery have been identified, and with further test work recoveries could be increased up to around 77% WO_3 by simplifying the process flowsheet including the removal of the sulphide flotation stage.

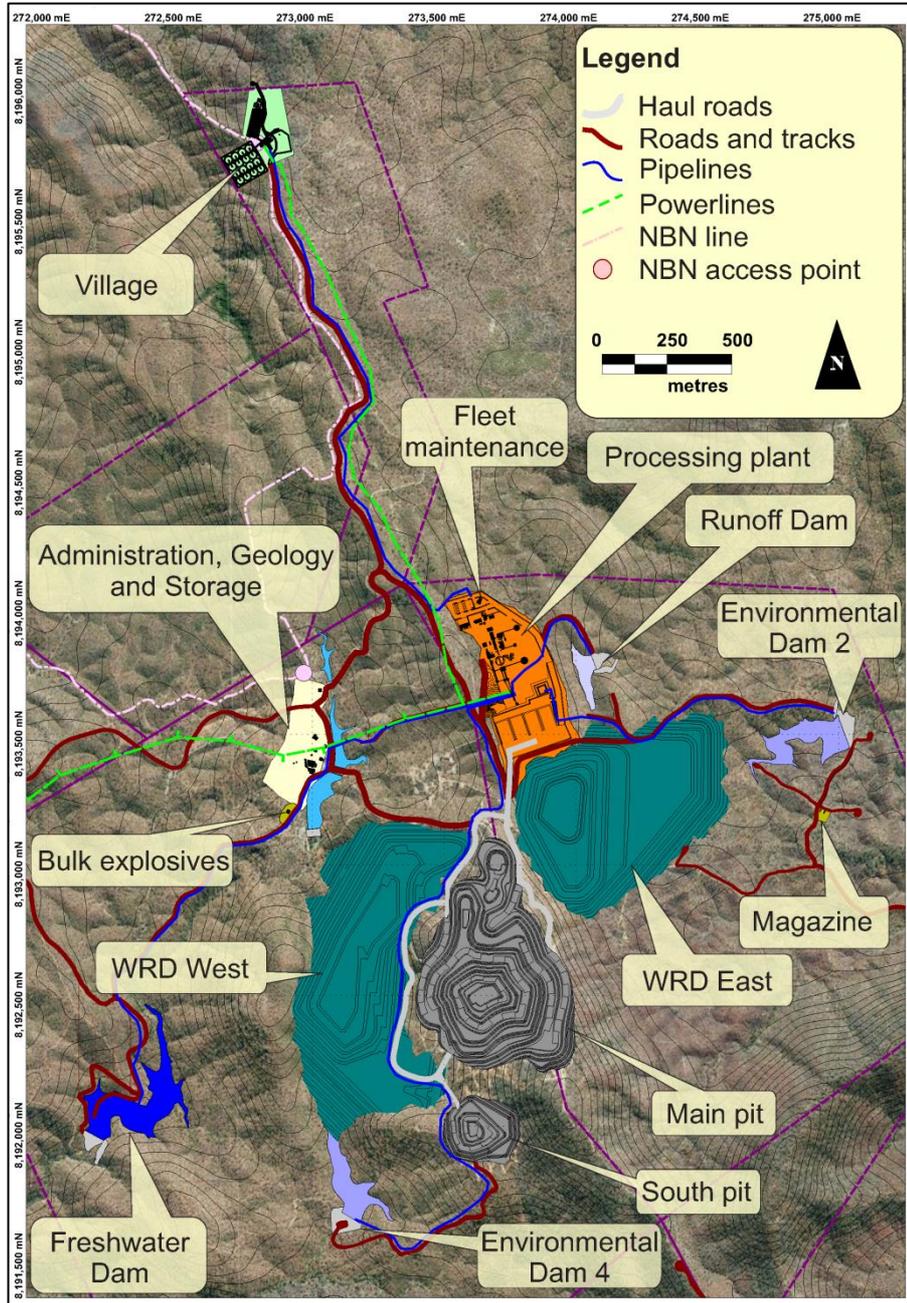
Figure 9: Processing Flowsheet.



Project Infrastructure

The major infrastructure that will be developed for the Watershed Project (Figure 10) includes a processing plant, access road, site roads, power line connections and back-up generation, accommodation village, water storage and catchment dams, waste rock dump, service infrastructure, workshops, administration area, and storage areas.

Figure 10: Project Infrastructure.



Environmental, Social, Community Impacts and Permitting

A comprehensive environmental assessment of the Projects impact has been carried out by Vital through a range of expert consultants.

Vital has been engaged in an environmental monitoring program to establish baseline values for the Watershed Project since 2006. This work has included monitoring of surface water, stream sediment, groundwater and flora and fauna.

This work provided the detailed information required to secure environmental approval for the Project with the final Environmental Authority (EA) being received from the Department of Environment and Heritage Protection (EHP) on 3 September 2013.

Vital has also secured a Native Title Agreement (ILUA) with the Western Yalanji people for the development of the Project. The agreement provides benefits to the Western Yalanji people including traineeship and business opportunities. Compensation agreements have also been secured with the two pastoral lease holders. All groups are supportive of the Projects development.

Extensive ecological (flora, fauna and aquatic ecology) studies of the Project area have been undertaken. These studies provide baseline field data for the management of the impact of the Project operations. The EA will require Vital to provide an offset in accordance with the Queensland Biodiversity Offset Policy.

The mine will use on-site storage dams to provide water for the processing plant. Specialist modelling has identified that the water supply for the Project is robust with 99.5% supply of water at a 95% probability.

Vital will be required to monitor air quality (dust and particulate matter) while carrying out mining on the Project to ensure dust contaminants do not reach unacceptable levels. Aside from the accommodation village there are no residential households within close proximity of the site.

The Watershed Project will set high standards for environmental management. There will be no separate tailings facility instead the fine waste from flotation will be dried and disposed in lined pods within the Waste Rock Dump.

The nearest town to the Watershed Project is Mossman which is some 40km away. The majority of employees are planned to be sourced from the region with some 80-120 personnel accommodated on site at any one time.

Capital Expenditure

The capital cost estimates have been developed on the following basis:

- General criteria for the cost estimate include an accuracy of +/-15% and the base date of the estimate is June 2014
- Major mining equipment is supplied on a hire to purchase basis and costs are included in the operating costs. Capital cost is limited to ancillary equipment, fuel storage and workshop infrastructure.
- Processing plant costs have been estimated using an EPC basis with the scope of work to cover the design, construction, and commissioning of the 2.5Mtpa scheelite processing plant and associated infrastructure.
- Roads, dams, power and accommodation village costs were provided to Vital by companies with expertise in these areas.
- Contingencies of 7.5% to 15% have been included in the various cost estimates.

The total capital cost including contingencies for the Project is A\$172.3 million (**Table 5**). An exchange rate of A\$1: US\$0.90 has been assumed for the US\$ cost.

Table 5: Project Capital Costs.

Cost Area	A\$M	US\$M
Mining	2.2	2.0
Processing Plant	130.5	117.5
Site Infrastructure	36.2	32.6
Working Capital	3.4	3.1
Total	172.3	155.1

The execution model used for the Project will utilise early contractor involvement with a contract package definition phase before moving into an EPC contract execution. Aside from the processing plant, other key design and construct contracts will include:

- Access Roads, Bulk Earthworks, Dams and Overland Piping.
- Accommodation Village, Potable and Waste Water Treatment Plants.
- Power supply.

Operating Costs

Operating cost estimates for the DFS have been developed using the following parameters:

- 8.9Mtpa average total movement.
- 2.5Mtpa processing feed.
- 7,446 processing operating hours per year.
- Average 0.15%WO₃ feed grade.
- Average 73.6%WO₃ metallurgical recovery.

Average operating costs over the life of the Project are presented in Table 6. An exchange rate of A\$1: US\$0.90 has been assumed.

Table 6: Average Operating Costs Per Annum.

Cost Area	A\$/t ore	A\$/mtu	US\$/t ore	US\$/mtu
Mining	14.1	130.4	12.7	117.3
Processing	8.8	81.6	7.9	73.4
Administration and Transport Charges	1.8	16.4	1.6	14.7
C1 Cash Cost	24.6	228.3	22.2	205.5
Depreciation and Amortisation	6.5	60.3	5.9	54.3
Royalties	1.5	13.5	1.3	12.1
All in Sustaining Cost	26.1	241.8	23.5	217.6

Tungsten Market

Tungsten has a number of outstanding properties in hardness, strength, melting temperature, weight and corrosion resistance. There are a wide range of uses where its properties are considered essential and it cannot be substituted.

Tungsten is a most distinctive metal and its properties include:

- Hardest of all metals;
- Strongest of all metals;
- Highest melting temperature of all metals;
- High density;
- Moderate electrical conductivity;
- Displays high resistance to corrosion, and
- Environmentally friendly.

While tungsten is closely linked to general industry activity, the wide diversity of use results in it not being tied to any specific market. The tungsten industry structure can be considered in three stages (Figure 11):

- Mining and ore processing;
- Processing of intermediate products, and
- Final applications.

Primary tungsten concentrates supply approximately 65% of total tungsten demand with the other 35% sourced via recirculation of tungsten scrap (secondary tungsten).

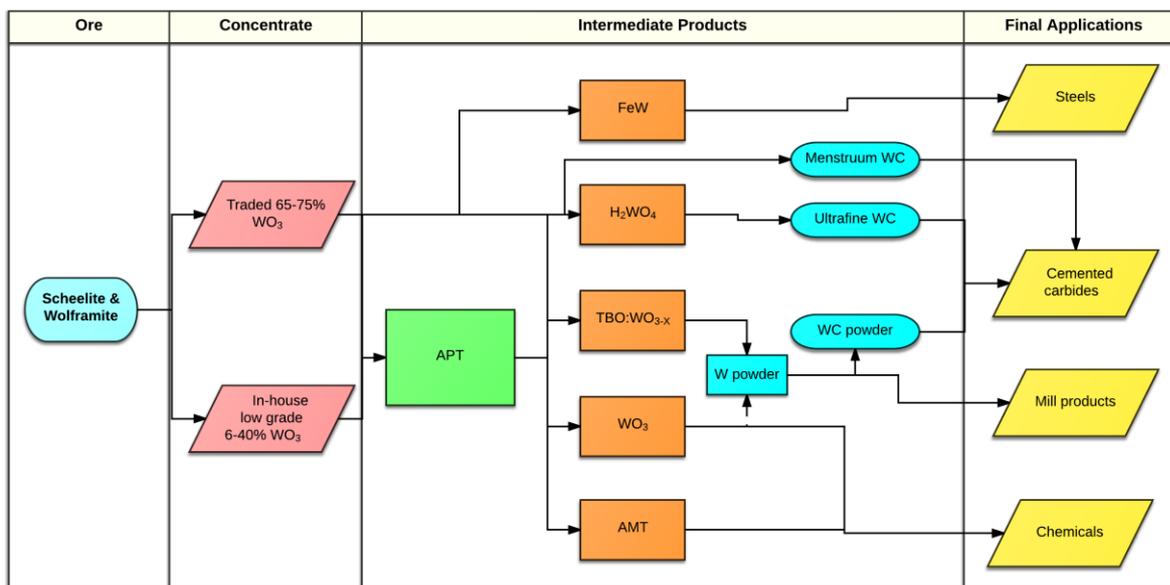
Market fundamentals for tungsten are strong with market forecasters predicting that tungsten supply will decrease by around 3% over the period 2014-2016. Demand on the other hand is expected to grow at 6.0% over the same period. This is expected to result in a shortfall in the supply/demand balance over the period 2015-2018.

In particular the current practice of the Chinese Government to ban the export of tungsten concentrate and restrict supply of APT shows no sign of change. This is likely to continue and places an additional restriction on long-term supply.

Difficulty in obtaining environmental permitting for new Projects in developed countries will further limit supply as tungsten Projects that have completed feasibility studies remain on

the shelf while work continues on securing development approvals. Watershed is unique in being development ready with all major approvals completed and in place.

Figure 11: Tungsten Industry Structure.



Historically, putting together a classic cost curve for tungsten concentrate production is almost impossible. As a number of tungsten producing companies are privately owned and are under no obligation to publish detailed financial data, including production costs. This makes it difficult to create a cost curve for the whole industry.

North American Tungsten reopened the Cantung tungsten mine in 2005 and it is one of the few tungsten producing companies that publishes detailed cost data. These figures offer an interesting insight into production costs at one of the few significant operations outside China. The operating costs of the Cantung mine increased sharply from US\$145/mtu in 2009 to US\$270/mtu in 2011, before being brought down a little to US\$240/mtu in 2012. In the first months of the 2013 financial year, operating costs at Cantung had increased to US\$276/mtu.

Although it's not possible to buy tungsten concentrate from China, Chinese concentrate production costs are often held up as a yardstick when comparing projects, and due to the slightly more 'open' nature of the tungsten industry in China it is possible to get some basic cost figures for the industry there.

Research by Tungsten Market Research has shown that operating costs for Chinese tungsten concentrate production in 2013 was as high as US\$160-165/mtu at the then prevailing exchange rate.

As has been seen in so many industrial sectors in China, general input costs such as labour are dramatically rising, and with additional resource taxes and environmental costs, Chinese tungsten production costs are moving more into line with those of western producers.

Price forecasts used in the DFS have been provided to Vital by Tungsten Market Research, a respected group with significant experience of the tungsten market. The base case forecast adopted for the study is shown in Table 7.

Table 7: Tungsten Price Outlook.

Price Forecast	2015	2016	2017	2018
APT Price (US\$/mtu)	455	475	440	460

During the period 2005-2010 the APT price traded between US\$190/mtu and US\$300/mtu. However during 2011 – July 2014 prices have made a step change into a range between US\$310/mtu and US\$480/mtu (Figure 12).

Figure 12: Tungsten APT pricing - January 2005 to August 2014.



Ore Reserve

The Proven and Probable Ore Reserve (Table 8) has been derived from the Measured and Indicated Mineral Resources. The total in-ground ore inventory within final design pits is 21.3 Mt at an average WO_3 grade of 0.15% using a cut-off grade of 0.05% WO_3 and is inclusive of a 95% mining recovery.

Table 8: Ore Reserves within Watershed Pits.

Category	Quantity (Mt)	WO_3 Content (t)	Grade (% WO_3)
Proven	6.4	10,465	0.16
Probable	15.0	20,949	0.14
Total Ore Reserve	21.3	31,413	0.15
Inferred Ore	1.7	2,387	0.14
Waste Excluding Inferred	66.2		
Total Material	89.3		
Strip Ratio	3.16		

Mine Schedule

The aim of the scheduling component of the study was to generate a practical, realistically achievable schedule, which maximises value within the constraints applied:

- Meets mill feed requirements;
- Brings forward higher grade, lower cost ore as much as possible;
- Delays waste mining, including keeping the pre-stripping period as short as possible;
- Minimises rehandling and avoids larger than necessary stockpiles;
- Includes ramp-up considerations for mine operations as well as the processing plant;
- Avoids vertical advance rates of >100 m per annum;
- Is centred on a stable fleet size that does not vary too much between periods and is sufficient to undertake the work without unnecessary excess capacity, and
- Avoids congestion on benches and ramps.

In order to obtain sufficient resolution of material movement and hence processing plant feed during the early years of the operation. The first two years of the Life of Mine (LOM) schedule were undertaken in monthly periods with the following two years scheduled in quarterly increments and in yearly periods thereafter.

In this study Project value was maximised by establishing a LOM mine cut-off grade policy in conjunction with a strategy of maximising processing plant throughput whilst seeking to defer and optimise waste haulage.

The final schedule (Table 9) is the result of a number of scheduling iterations with changes and adjustments to the variable inputs such as fleet ramp-up, dynamic mill cut-off grades, stage release and available truck numbers (5).

The schedule includes a small proportion of Inferred material. To mitigate risk, processing of Inferred material was restricted during the payback period so that the Inferred portion of processing plant throughput was limited to a maximum of 5% of total throughput for the first 5 years.

Table 9: Mining Schedule and Metal Production by Year.

Material	Units	1	2	3	4	5	6	7	8	9	10	Total
Waste Tonnes Mined	Mt	7.1	9.65	8.9	8.82	8.23	7.63	7.22	6.01	2.31	0.36	66.23
Ore Tonnes Processed	Mt	2.22	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	0.84	23.06
WO ₃ Head Grade	%	0.18	0.17	0.19	0.13	0.13	0.11	0.12	0.12	0.17	0.15	0.15
WO₃ Tonnes Produced	Kt	2.98	3.19	3.54	2.29	2.3	2.05	2.2	2.29	3.09	0.96	24.89

Financial Summary

The basis upon which the Financial Model has been prepared by Optimum Capital for the DFS is as follows:

- The model was constructed on a on a real dollar basis;
- The price for WO_3 is based on the average forecast price for Ammonia para-tungstate (APT), subject to appropriate discounts and sales costs;
- Exchange rate assumptions are based on industry consensus;
- Considered taxation requirement for Australia and provided tax estimates;
- Included funding estimates;
- Cash flows are calculated on a monthly basis, and then consolidated into annual cash flows;
- Sensitivities for key drivers including grade, price and cost have been provided;
- Provision has been made for timing delays. Construction, mining and production time frames include estimates for weather delays and production ramp up;
- Mining, production and costs are separately detailed;
- Ore fed into the processing plant may come directly from ore mined and/or from stockpiles;
- Recovered WO_3 is calculated by multiplying the ore tonnage and WO_3 grade by the recovery percentage;
- Concentrate tonnage is calculated by dividing the recovered WO_3 by the concentrate grade.
- Revenue is calculated based on WO_3 recovered (as an unrefined product).

Project financial modelling for a 100% equity case using an average price forecast of US\$455/mtu and an exchange rate of \$A1: US\$ 0.90 indicate Life of Mine revenues of A\$1,080 million with an EBITDA of A\$526 million. Project free cash flow pre-tax is A\$364 million over 10 years of operation.

Project NPV using a discount rate of 8% is A\$178 million (pre-tax) and A\$112 million (post tax) with an IRR of 28% and 22% respectively. Using this scenario Project payback is very robust being achieved in 2.6 years. A summary of these results is presented in Table 10.

The major value drivers for the Project are tungsten price, exchange rate and metallurgical recovery. While price and exchange rate are out of the control of Vital, increasing the metallurgical recovery by around 5% to give an average recovery of 77% looks to be possible and with further testwork this has the potential to improve the Project NPV by around 25%.

Project NPV is shown to be relatively insensitive to any rises in Project capital and operating costs. A summary showing Project NPV sensitivities for a range of inputs is shown in Table 11.

Table 10: Results of Financial Evaluation.

Item	Unit	Equity Case
Project NPV ₈ real Pre Tax Ungeared	A\$M	177.6
Project NPV ₈ real Post Tax Ungeared	A\$M	111.6
IRR Pre Tax Ungeared	%	28.43
IRR Post Tax Ungeared	%	21.94
Life of Mine Revenue	A\$M	1,080
EBITDA per annum (average)	A\$M	526.2
Free Cashflow Pre Tax	A\$M	364.4
Free Cashflow Post Tax	A\$M	255.6
Payback from First Production	Years	2.6

Table 11: Financial Sensitivity.

Item	-5% on Equity Case NPV ₈ A\$M	Equity Case NPV ₈ A\$M	+5% on Equity Case NPV ₈ A\$M
Tungsten Price	84	111.6	139
Exchange Rate	87	111.6	136
Tungsten Recovery	87	111.6	136
Ore Tonnes Mined	94	111.6	127
Project Capital	110	111.6	113
Admin Costs	112	111.6	111
Processing Costs	116	111.6	107
Discount Rate	117	111.6	107
Mining Costs	119	111.6	104

Development Schedule

With all Native Title, Environmental and Mining Leases in place, the Project is ready to develop. The critical item in the development schedule is a Final Investment Decision to be undertaken with the 30% Japanese JV partner.

Following this decision and the completion of a suitable financing package for the Project, it is expected that initial site works could commence early in 2015 and will comprise concurrent construction of the access road, accommodation camp and commencement of site works for the establishment of the process plant, ROM pad and waste dump.

Following the site establishment works, the Watershed Project implementation schedule envisages the first ore to be delivered to the mill before the end of 2016 with first concentrate production expected to be shipped early in 2017.

Next Steps

Following completion of the DFS, the next development milestone will be for JOGMEC to transfer its 30% interest in the project to a Japanese company with interests in the tungsten industry. This company will become a long-term off-take and development partner for the Watershed Project and is expected to provide assistance in securing project finance.

Discussions with the new project partner are ahead of us, however given the advanced state of the Project with all development approvals in place this has the potential to simplify finance negotiations as most of the normal condition precedents that would relate to project approvals will not apply.

Watershed is therefore well positioned for the next phase of its development, into a mine providing a secure, reliable supply of tungsten concentrate.

ENDS

For further details, refer to the Company's website, www.vitalmetals.com.au:

Contact:

Mark Strizek

MD

Vital Metals Ltd

Phone: +61 8 9388 7742

Email: vital@vitalmetals.com.au

Media Inquiries:

Nicholas Read

Read Corporate

Telephone: +61-8 9388 1474

Email: info@readcorporate.com.au

Competent Person's Statement

The information that refers to Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mark Strizek, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Strizek is a full time employee of the Company. Mr Strizek has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Strizek consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Watershed Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion of the estimates in the report of the Mineral Resource in the form and context in which they appear.

This Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code – 2012 Edition). The Ore Reserves have been compiled by Mr Steve Craig of Orelogy Group Pty Ltd, who is a Fellow of Australasian Institute of Mining and Metallurgy. Mr Craig has had sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Craig consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

ABOUT VITAL METALS

Vital Metals Ltd (**ASX: VML**) is a developer and explorer, focused on progressing two highly prospective mineral Projects: the advanced Watershed Tungsten Project in far north Queensland, Australia and the Doulnia Gold Project in southern Burkina Faso, West Africa.

Watershed Tungsten Project – Queensland

The Watershed scheelite (calcium tungstate) Project, in far North Queensland, 150 kilometres north-west of Cairns, is the Company's flagship venture. Vital has entered into a formal Earn-In Agreement with JOGMEC (Japan Oil, Gas and Metals National Corporation) where JOGMEC has earned 30% of the Project for \$5.4M (valuing the Project at the time of the farm-in at \$18M). The funds have been used to finance the Definitive Feasibility Study (DFS).

Doulnia Gold Project – Burkina Faso

The Doulnia Gold Project (100% Vital) is located in southern Burkina Faso, West Africa. The Project is made up of four contiguous tenements; The Doulnia and Kampala exploration tenements which were recently secured following a deal with Ampella Mining Ltd and the Mediga and Zeko exploration tenements. The Project is located in highly prospective Birimian Greenstone terrain with over 850 sq. km of contiguous tenements lying on the trend of the Markoye Fault Corridor and the Bole shear zone and hosting the Kollo Gold Project and Boungou South Gold Prospect.

About JOGMEC

Japan Oil, Gas and Metals National Corporation (JOGMEC) were established in 2004. JOGMEC is Government owned and integrates the functions of the former Japan National Oil Corporation, which was in charge of securing a stable supply of oil and natural gas and the former Metal Mining Agency of Japan, which was in charge of ensuring a stable supply of nonferrous metal and mineral resources and implementing mine pollution control measures. It has an annual budget of around 1,564 billion yen (\$18B) and provides financial assistance, technology development and technical support to Japanese companies and their foreign subsidiaries.

Figure 13: Vital Metals Project Locations



Appendix A

Forward Looking and Cautionary Statements

Forward looking statements

Certain written statements contained or incorporated by reference in this announcement, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intend”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements.

Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of tungsten, gold or other metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by the Company, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: competition; mineral prices; ability to meet additional funding requirements; exploration, development and operating risks; uninsurable risks; uncertainties inherent in ore reserve and resource estimates; dependence on third party smelting facilities; factors associated with foreign operations and related regulatory risks; environmental regulation and liability; currency risks; effects of inflation on results of operations; factors relating to title to properties; native title and aboriginal heritage issues; dependence on key personnel; and share price volatility and also include unanticipated and unusual events, many of which are beyond the Company's ability to control or predict.

For further information, please see the Company's most recent annual financial statement, a copy of which can be obtained from the Company on request or at the Company's website: www.vitalmetals.com.au. The Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, not to put undue reliance on such statements.

Cautionary Statement

The Definitive Feasibility Study (DFS) referred to in this announcement is based on a Proved and Probable Ore Reserve derived from a Measured and Indicated Mineral Resource, plus a small proportion of mining inventory, which comprises material that is currently classified as Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The Company advises that the Proved and Probable Ore Reserve provides 93% of the total tonnage and 93% of the total WO₃ metal underpinning the forecast production target and financial projections, and that the additional life of mine plan material comprises less than 7% of the total tonnage and WO₃ metal. Furthermore, in the first five years of production, 95% of the material planned to be processed is based on Proved and Probable Ore Reserves. As such, the dependence of the outcomes of the DFS and the guidance provided in this announcement on the lower confidence Inferred Mineral Resource material contained in the life of mine plan is minimal.

The Company has concluded that it has a reasonable basis for providing the forward looking statements included in this announcement.

Appendix B

JORC Code, 2012 Edition: Table 1 Section 4 - Estimation and Reporting of Ore Reserves

Criteria	Explanation
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<p>The Mineral Resource was compiled by H&S Consultants Pty Ltd in 2012³. The resource is a Multiple Indicator Kriged (MIK) model and includes at a cut-of grade of 0.05% WO₃:</p> <p>Measured - 9.47Mt @0.16% WO₃, Indicated - 28.36Mt @0.14% WO₃, Inferred - 11.49Mt @0.15% WO₃, Total – 49.32Mt @0.14% WO₃.</p> <p>These Mineral Resources are inclusive of the Ore Reserves.</p>
<i>Site visits</i>	A site visit was completed by Orelogy Personnel on the 30 th May 2014.
<i>Study status</i>	<p>This Mining Study will be included in the overall Feasibility Study currently being developed by Vital Metals.</p> <p>This study has highlighted that a mine plan is both technically achievable and economically viable, and that material Modifying Factors have been considered</p>
<i>Cut-off parameters</i>	A variable grade cut-off policy has developed over the life of the mine plan and varies from 0.05% WO ₃ to 0.07% WO ₃ on an annual basis.
<i>Mining factors or assumptions</i>	<p>A complete pit optimisation and detailed mine design has been completed for Watershed. The Project will be developed using standard open pit mining techniques where excavators will load material on 2.5 metre flich height for each 5 metre bench. There is little in the way of pre-strip as ore is mined from the surface, although it will require significant levels of pioneering efforts to get to full scale mining.</p> <p>Geotechnical conditions are well understood and batter angles are at a constant 60°, with 5.0 metre wide berms at 20 metre intervals. Inter-ramp wall slopes are approximately 50°. Ramp widths have been set at 20 metre wide for dual access and 12 metre wide for single lane access.</p> <p>Blastholes will be sampled and the ore zones will be mapped and logged using UV lamps at the mine face.</p>

³ The information that refers to Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

	<p>Mine dilution has not been modelled as the MIK model inherently has some level of dilution built into the model.</p> <p>The mining recovery has been set to 95%.</p> <p>A minimum mining width of 20 metres has also been used.</p> <p>Only Measured and Indicated ore has been included in the optimisation, mine design and scheduling process. However, Inferred material is reported on a period basis and highlights that the percentage of Inferred material is in the order of $\pm 5\%$</p> <p>The infrastructure requirements for mining are standard and include workshops, wash down pads, fuel farm and laydown area.</p>
<i>Metallurgical factors or assumptions</i>	<p>Extensive metallurgical testwork has been undertaken on Watershed. The flowsheet is standard for this type of mineralisation and will include:</p> <ul style="list-style-type: none"> • 3 stage crushing & screening at the Run-of-Mine (ROM) stockpile: • 2 stage grinding, gravity separation & re-grinding • X-Ray transmission ore sorting. • Three stage floatation circuit. <p>Overall plant recovery is dependent on head grade and will vary from 72% to 75.2%. The resultant concentrate will be low in Arsenic, Uranium and Thorium. The process route has been designed by Sedgman Engineering Ltd based on the metallurgical testwork undertaken by Vital Metals. All tails and coarse rejects will be combined within the waste dump.</p>
<i>Environmental</i>	<p>Vital Metals was issued with the Environmental Authority in September 2013. This provides for development of the Project. Additional approvals may be sought from the licencing authority during operation of the Project.</p>
<i>Infrastructure</i>	<p>The location of the Watershed Project is favourable and it is located 115km to the north-west of Cairns and 50 km west of Port Douglas. The Project is located within a mining lease and there is enough area to develop the Project including pit, waste dump, and infrastructure development. Labour will be sourced locally, as well as from within the State. The site is easily accessible from the Mulligan Highway which connects to the Atherton Tablelands. A State owned power line runs parallel to the highway and currently has excess capacity.</p>
<i>Costs</i>	<p>The Mining Study is based on an owner operator model with drill & blast operations managed by a separate contract. The mining costs have been built from first principles using recent quotes for all major items including fuel, tyres,</p>

	<p>maintenance consumables and labour.</p> <p>Processing costs and other related costs were developed by Sedgman Limited.</p> <p>The allowances made for royalties payable, both Government and private</p>
<i>Revenue factors</i>	A price of US\$37,500/t WO ₃ has been used together with an exchange rate of A\$1.0 to US\$0.9. Typical off take terms commensurate with prices for scheelite concentrates were used.
<i>Market assessment</i>	Vital Metals have engaged Tungsten Market Research who are experts in tungsten and provide market and price assessments. An assessment has that there is a market shortfall with supply growing at 3.0% per annum and annual demand growing at double this rate 6.0%.
<i>Economic</i>	A discount rate of 8% has been used during the Mining Study and sensitivity analysis has highlighted that the Project is most sensitive to price and less sensitive to mining or selling costs.
<i>Social</i>	Vital has secured a Native Title Agreement (ILUA) with the Western Yalanji people that provides for the development of the Project. The agreement provides benefits to the Western Yalanji people including traineeship and business opportunities. Compensation agreements have been secured with the two pastoral lease holders.
<i>Other</i>	The Japan Oil, Gas and Metals National Corporation (JOGMEC) have secured 30% of the Project. Under the earn-in agreement signed in May 2011, JOGMEC has the right to transfer its stake to a Japanese company that would have an off-take interest and responsibility for arranging their share of project finance. JOGMEC has indicated they are seeking to transfer their interest to a Japanese Company involved in the tungsten industry.
<i>Classification</i>	The Project contains 6.4Mt @ 0.16% WO ₃ Proven (34%) and 15.0Mt @ 0.14% WO ₃ Probable (66%) for a total of 21.3Mt @ 0.15% WO ₃ . The minimum cut-off grade is 0.05% WO ₃ . Overall strip ratio is 3.2:1 and the open pit contains 1.7Mt of inferred material
<i>Audits or reviews</i>	There have been no audits or reviews on the Mining Study.
<i>Discussion of relative accuracy/confidence</i>	<p>All of the modifying factors, costs and financial parameters are included in the assessment of the Mining Study. The Project scale and development is robust to withstand changes to a variety of cost inputs. However, the Project is relatively sensitive to changes in price.</p> <p>The accuracy level of the mining costs is within ±15%.</p>