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www.vitalmetals.com.au**Capital Structure**

346.7 million shares

95.2 million unlisted
options**Board & Management**David Macoboy
ChairmanMark Strizek
CEO and Managing DirectorPeter Cordin
Non-Executive DirectorAndrew Simpson
Non-Executive DirectorIan Hobson
Company Secretary**For further information:****Investors:**Mark Strizek
Managing Director
Vital Metals
(08) 9388 7742**Media:**Nicholas Read
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(08) 9388 1474**VITAL COMMENCES SCOPING STUDY TO EVALUATE
POTENTIAL OF KOLLO GOLD DEPOSIT IN BURKINA
FASO AS NEAR-TERM PRODUCER****Key Points**

- The Kollo gold deposit in Burkina Faso, West Africa is ideally suited to development as a low CAPEX open pit project with potential for low operating costs and strong margins with exploration drill intercepts that include¹:
 - 44m @ 6.39g/t gold from 8m (including 4m @ 58.03g/t gold)
 - 5m @ 60.36g/t gold from 75m
- Vital intends to accelerate advancing the project.

Vital Metals Limited (ASX: VML) is pleased to advise that a Scoping Study has commenced to assess the viability of an open cut mining and processing operation to exploit gold mineralisation at the Company's 100%-owned **Kollo Gold Project** in Burkina Faso.

The Scoping Study will initially comprise a program of infill and step out exploration drilling and resource modelling, followed by an evaluation of mining and processing methods, infrastructure, waste handling and environmental requirements.

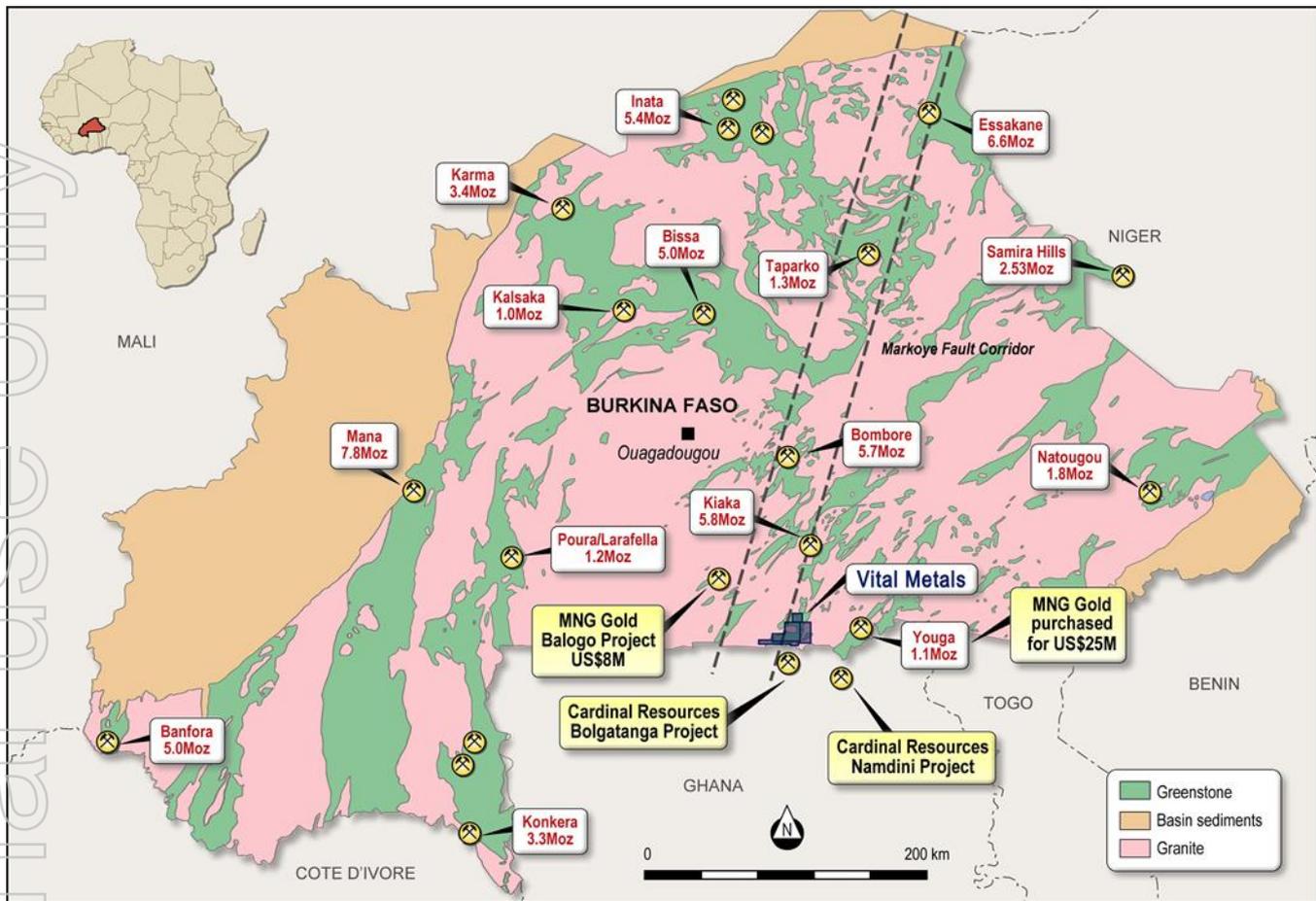
Previous exploration drilling at Kollo has been very encouraging, with broad intercepts of shallow high-grade gold mineralisation that appears suitable for mining by open pit methods. Preliminary metallurgical testwork has demonstrated that the gold is free and fully liberated, with better than 95% recoveries achieved from conventional cyanide leaching.

The Scoping Study will build on these foundations and, subject to completion of the infill-drilling program; the Company is aiming for completion of the Scoping Study by the end of August 2016.

Vital intends to complete the Scoping Study with a sufficient level of detail to allow it to proceed directly to a Definitive Feasibility Study (DFS) on the back of the expected strong results. As a near surface gold deposit, Vital believes that Kollo has the right characteristics to be developed as an open pit mining operation with low capital expenditure, low operating costs and high projected margins.

¹ Drill results reported previously 25/5/2010, 24/3/2011, 9/6/2011, 3/8/2011, 30/1/2012, 20/2/2012, 29/3/2012, 12/3/2013

The Kollo Project is located on a fertile gold belt, in an area that is attracting increasing attention due to recent exploration success and corporate consolidation activity.



Kollo is located approximately 50km east of the producing Youga mine that was purchased in February 2016 for US\$25 million by MNG Gold. MNG Gold also recently completed the purchase of the high-grade Balogo project, located to the east of Kollo.

To the north, on the Markoye fault corridor, West African Resources' (ASX: WAF) Tanlouka Gold Project has been returning outstanding grades, including 32m at 5.02g/t gold from 2m and 8m at 31.78g/t gold from 58m. Immediately to the south of the Kollo Project is Cardinal Resources' (ASX: CDV) Bolgatanga Project and Namdini Project in Ghana. The Bolgatanga Project has returned broad mineralised intercepts similar to those seen at Kollo, such as 43m @ 1.55g/t gold and 51m @ 1.02g/t gold.

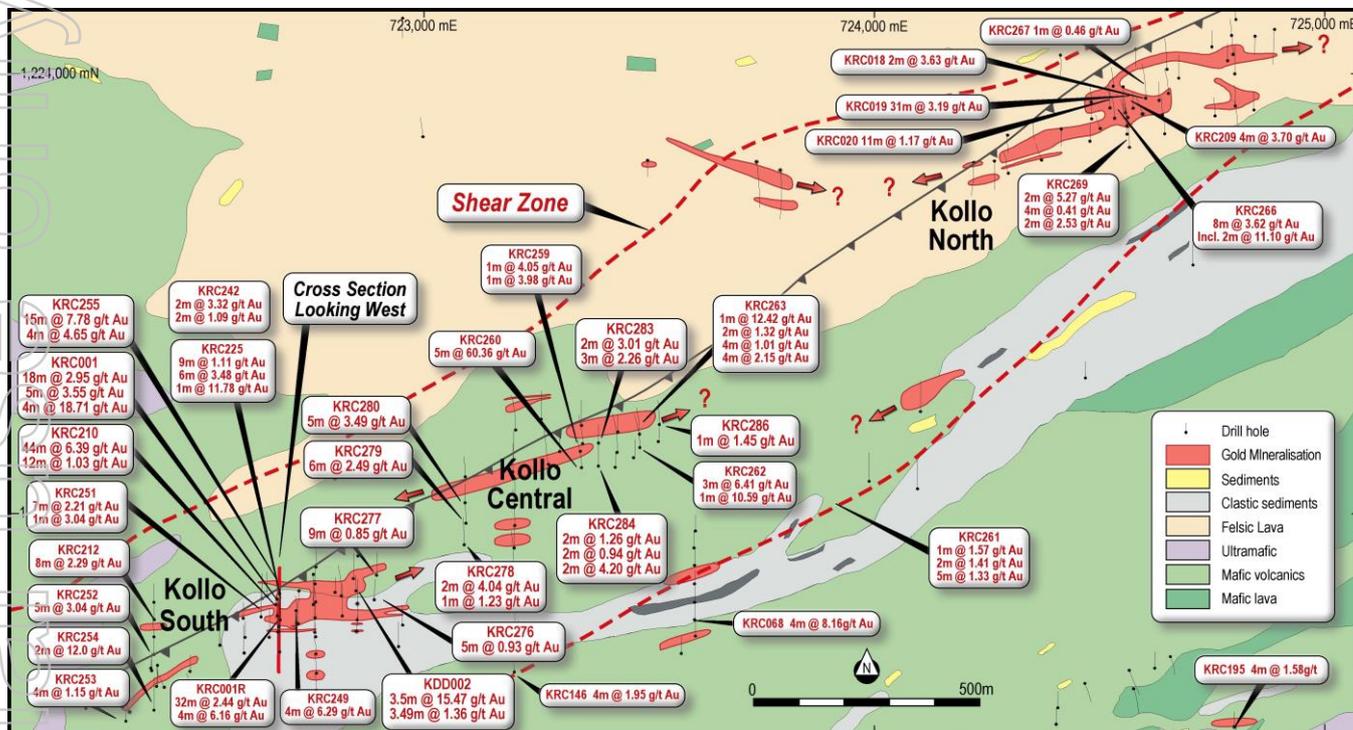
Gold at Kollo occurs as fine-grained native gold within quartz veins, micro shears and vein pyrite. The mineralisation is associated with intensive shearing and quartz veining within sheared felsic volcanoclastics. The high-grade nature of gold mineralisation at Kollo is seen in exploration drilling results² at Kollo that have included:

- 5m @ 60.36 g/t gold from 75m including 2m @ 128.50 g/t gold from 76m (KRC260)
- 15m @ 7.75 g/t gold from 105m (KRC255)
- 4m @ 6.29 g/t gold from 78m (KRC249)
- 8m @ 3.62 g/t gold from 15m (KRC266)

² Drill results reported previously 25/5/2010, 24/3/2011, 9/6/2011, 3/8/2011, 30/1/2012, 20/2/2012, 29/3/2012, 12/3/2013

- 18m @ 2.95 g/t gold from 37m (KRC001)
- 31m @ 3.19 g/t gold from 34m (KRC019)
- 44m @ 6.39 g/t gold from 8m including 4m @ 58 g/t gold from 24m (KRC210)

Step out drilling is planned for untested areas between Kollo South and Kollo Central and it is anticipated that the area of known gold mineralisation will be extended between these two prospects.



Preliminary metallurgical testwork has confirmed that the gold mineralisation at Kollo is amenable to either heap leaching or conventional CIL processing:

- Diagnostic leach testing program conducted in 2012 demonstrated gold recoveries of >95% for all samples with >98% gold recovery obtained in two of the three samples tested. These tests confirm that the majority of the gold is free-milling and can be recovered using a conventional CIL cyanidation process. Further testing to determine the optimum cyanide usage rates remains to be completed;
- Column leaching of a representative sample from the Kollo South area in 2013 showed that after 30 days, more than 90% of the gold was extracted into solution. This result indicates a high proportion of free gold is most likely present. To date no attempt has been made to determine the optimum cyanide dosing rates and this work remains to be completed.

This work confirms that that the gold mineralisation at Kollo is neither preg-robbing nor refractory, and is suitable to be recovered using either heap leach or conventional CIL cyanidation techniques. It also provides a solid foundation from which to advance the planned project studies.

Given the location of the project near to infrastructure and in a country that is supportive of new mining development, Vital believes that Kollo can be developed quickly, and subject to permitting.

Vital Metals's Managing Director, Mr Mark Strizek, said the Kollo Project provided a compelling near-term development and cash-flow opportunity.

“Given its location in a very fertile gold production region, and the broad high grade intercepts we have returned from the project to date, we believe that Kollo has strong potential to deliver near-term value for Vital Metals and its shareholders,” he said.

“We intend to progress this Scoping Study to a very high level of detail with the aim of bringing the Kollo Project into production as soon as possible.”

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

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Competent Person’s Statement

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 undertaken 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.

Forward looking statements

Certain written statements contained or incorporated by reference in this report, 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.

ABOUT VITAL METALS

Vital Metals Limited (**ASX: VML**) is an explorer and developer, focused on progressing three highly prospective mineral Projects: the advanced Watershed Tungsten Project in far north Queensland, Australia, the Aue Tungsten Project in Saxony, Germany 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. The Watershed Tungsten Project is a development-ready project that has a completed Definitive Feasibility Study (DFS), is fully permitted and has all landowner and Indigenous agreements in place.

Aue Tungsten Project – Germany

The Aue Tungsten Project (100% Vital) is located in the western Erzgebirge area of the German state of Saxony. The permit, comprising an area of 78 sq. km is located in the heart of one of Europe's most famous mining regions, being surrounded by several world class mineral fields. Historical mining and intensive exploration work carried out between from the 1940's and 1980's showed high prospectivity of the Aue permit area for tungsten, tin, uranium and silver mineralisation.

Doulnia Gold Project – Burkina Faso

The Doulnia Gold Project (100% Vital) is located in southern Burkina Faso. The Project is made up of three contiguous permits; the Doulnia, Kampala and Zeko exploration permits. The Project is located in highly prospective Birimian Greenstone terrain with over 400 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.

