

Vital Metals Limited

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Capital Structure

595.7 million shares

91.9 million unlisted
options

Board & Management

David Macoboy
Chairman

Mark Strizek
CEO & 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
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DRILLING CONFIRMS POTENTIAL OF HIGH QUALITY GOLD AT BURKINA FASO & QUEENSLAND

Vital Metals Limited (ASX: VML) is pleased to report on exploration success during the December 2016 Quarter. The Company continued gold exploration drilling programs in Burkina Faso, West Africa and at Elephant Creek in Far North Queensland.

Highlights

100% Owned Kollo Gold Project, Burkina Faso¹

- Further positive RC drill results support Company's belief Kollo has world class potential:
 - **KRC303: 17m @ 3.34 g/t Au from 145m**
 - **KRC340: 4m @ 7.29 g/t Au from 20m**
 - **KRC340: 6m @ 2.40 g/t Au from 84m**
 - **KRC304: 4m @ 3.59 g/t Au from 14m**
 - **KRC341: 2m @ 6.16 g/t Au from 8m**
 - **KRC316: 2m @ 5.87 g/t Au from 14m**
- Gold mineralisation remains open at depth and along strike
- Only circa 15% of identified structures tested to date

100% Owned Elephant Creek Gold Prospect, North Queensland²

- Assay results from the first batch of RC drilling showed further significant intercepts of gold mineralization:
 - **IVRC2016 001: 4m @ 26.39 g/t Au from 17m**
 - **IVRC2016 002: 6m @ 2.23 g/t Au from 18m**
 - **IVRC2016 004: 8m @ 3.37 g/t Au from 42m**
 - **IVRC2016 006: 14m @ 2.56 g/t Au from 28m**
 - **IVRC2016 010: 12m @ 1.1 g/t Au from 28m**
 - **IVRC2016 018: 9m @ 1.48 g/t Au from 5m**
 - **IVRC2016 019: 6m @ 1.46 g/t Au from 51m**
 - **IVRC2016 028: 3m @ 2.52 g/t Au from 9m**
- Gold mineralisation remains open at depth and along strike

100% Owned Peninsula Copper Prospect, North Queensland³

- Assay results from first pass drilling returned significant intercepts of secondary copper mineralization:
 - **PE2016 001: 2m @ 0.96 % Cu from 14m**
 - **PE2016 002: 1m @ 1.08 g/t Au from 14m**
- Rock chips from gossanous outcrop and a quartz reef located around 500m along strike returned significant copper and gold mineralisation

GOLD

Kollo Gold Project, Burkina Faso (Vital 100%)

The December Quarter delivered some very encouraging drill results from the Kollo Gold Project in Burkina Faso. Assays received continue to demonstrate the high-grade nature of the gold mineralisation.

The Kollo Gold Project sits within the Markoye Structural Corridor, which is known to host several multi-million ounce gold deposits, including two recent major gold discoveries (Cardinal Resources' Namdini Project in Ghana and West African Resources' Sanbrado Gold Project - formerly known as the Tanlouka Gold Project, Burkina Faso.).

The updated and reworked regional exploration model identified significant exploration potential within the tenement package. Across the prospects 40km of structures have been identified that may host gold mineralisation.

To date only 15% of these structures have been tested with very positive intercepts confirming the potential of the structures to host significant gold mineralisation.

Multiple Untested Gold Targets:

- Kollo and Kollo Extensions
- Kollo Southwest extension - with supporting Geochem and discordant magnetic signature
- Kollo Central - untested due to topography – will test with track mounted rig
- Kollo Southwest extension - with supporting Geochem and discordant magnetic signature
- Kollo Northwest - NW extension of Kollo mineralisation under transported soil

Regional

- Bougou South - limited drilling, gold in soil geochem and discordant magnetic structure
- ADB / Cassava - robust gold in soil geochem (+600m strike) along major structure
- Eastern Boundary North and South - untested major structure – forms belt margin in south
- Tangassougou - regional gold in soil geochem anomaly

Elephant Creek Prospect, Far North Queensland (Vital 100%)

Results Exceeded expectations

The results from the RC drilling demonstrated the high-grade nature of the gold mineralisation, with intercepts from the on-going drill program exceeding significant gold mineralisation intercepts reported from historical exploration drilling.

The results at Elephant Creek are a very positive sign that the prospect could be a mature second front for your Company's gold activities, to run alongside the highly prospective Doulnia Gold Project in Burkina Faso.

ZINC

Burkina Faso

The Burkina Faso tenements have considerable base metal (zinc) potential with the mineral endowment remaining untested with only limited modern exploration. Vital considers there is reasonable potential for the discovery of further significant zinc mineralisation in Burkina Faso.

Within our portfolio, there are a number of highly prospective zinc VMS style prospects offering significant potential for the discovery of a large zinc deposit as they are essentially untested with drilled zones not closed off.

These multiple untested zinc targets provide scope for the delineation of a significant zinc project through a targeted drilling campaign:

- Nabenia Zinc Prospect - Most advanced zinc prospect and ready for immediate follow-up of significant intercepts
- Loubel Zinc Prospects - Located on the southern side of the Tiebele Dome
- Koubongo Zinc Prospects - Associated with north-facing felsic volcanics in the contact aureole of the Tiebele Dome
- AVV Zinc Prospect - The nearby presence of chloritised, silicified and pyritised rhyolites, pyritic mafic volcanics and a magnetic rhyolite body (a subvolcanic intrusion) adds to AVV's exploration appeal

Your Company's current focus is on the numerous identified gold targets in Burkina Faso and North Queensland; however we continue to examine ways to advance these prospects.

Development – Watershed Tungsten Project, Far North Queensland (Vital 100%)

Vital is maintaining the Watershed Tungsten Project in a “shovel-ready” state, poised to deliver shareholder value as soon as the tungsten price moves to a sustainable level (at an APT price of around US\$300/mtu, which is the 10-year average Chinese APT price, at which point the project provides significant returns).

There is price stability and recovery in the market with the average Chinese APT price at US\$190 during the Quarter. This price is in line with market forecasts available to the Company and it is expected in the medium term that prices will continue to increase as supply tightens.

It is possible that the supply gap could arrive sooner than forecast if the new US administration follows through on statements to stimulate unconventional oil and gas drilling in the US and starts rebuilding US infrastructure.

Corporate

The Annual General Meeting of the Company's shareholders was held on 25 November 2016, with all resolutions passed on a show of hands.

Mark Strizek and David Macoboy will be attending the Indaba Mining Conference at the start of February. Meetings have been put in place with potential investors and brokers who may be able to assist your Company as we plan for the exciting 12 months ahead.

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 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.

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 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.

Gold – Burkina Faso

Vital 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.

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.



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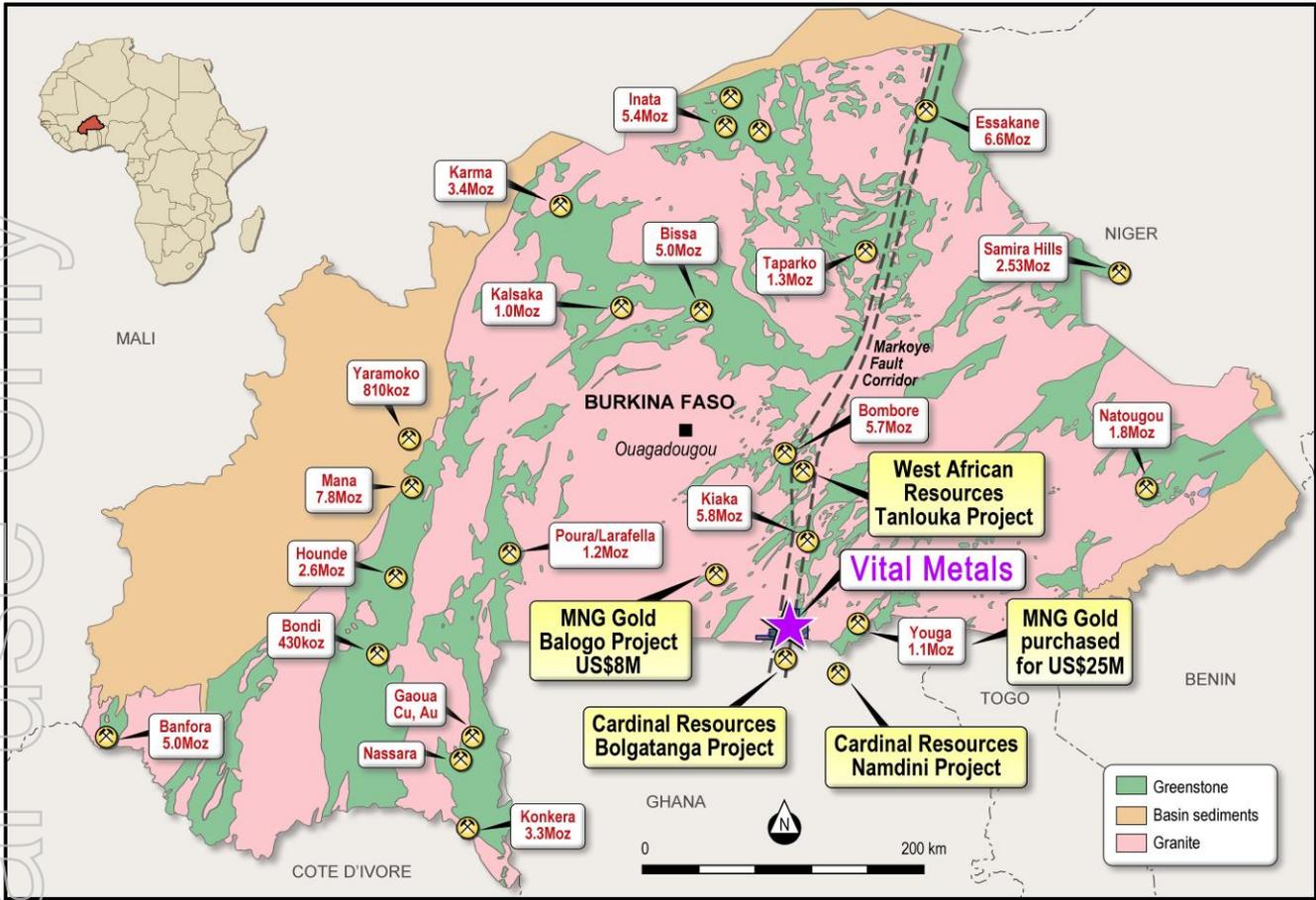


Figure 1: Location of Vital Metals gold project in Burkina Faso

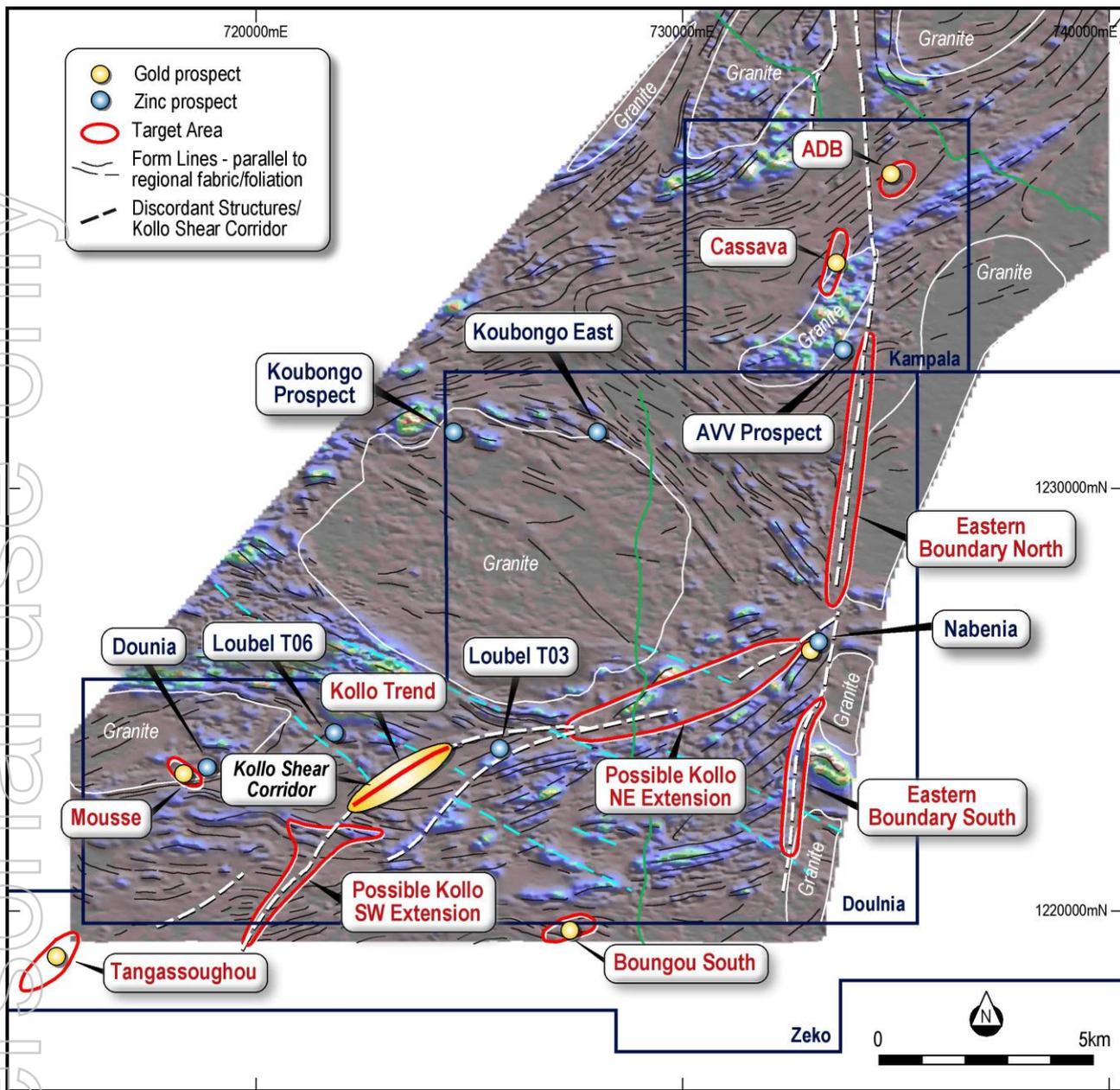


Figure 2: Vital Metals Burkina Permits

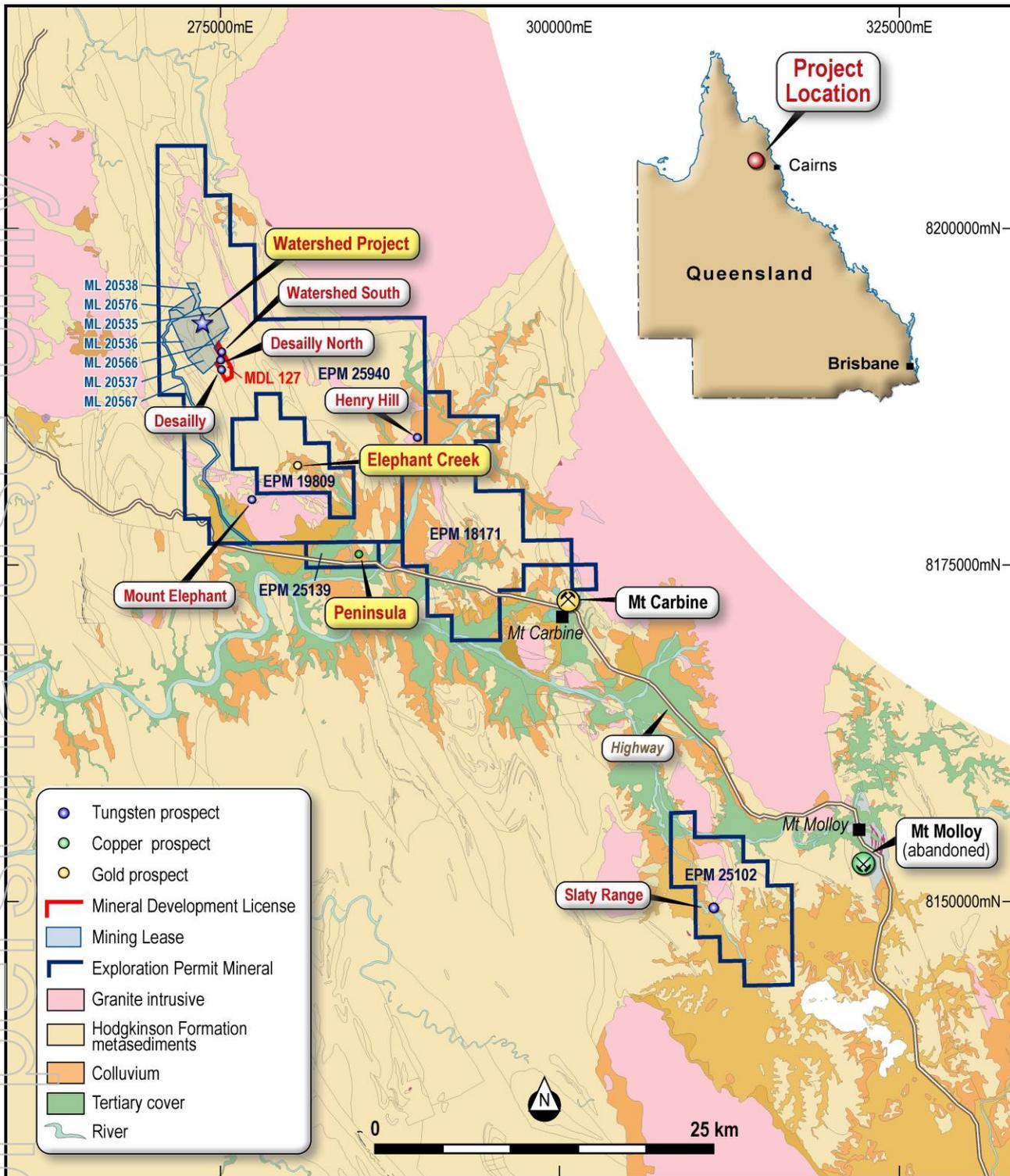
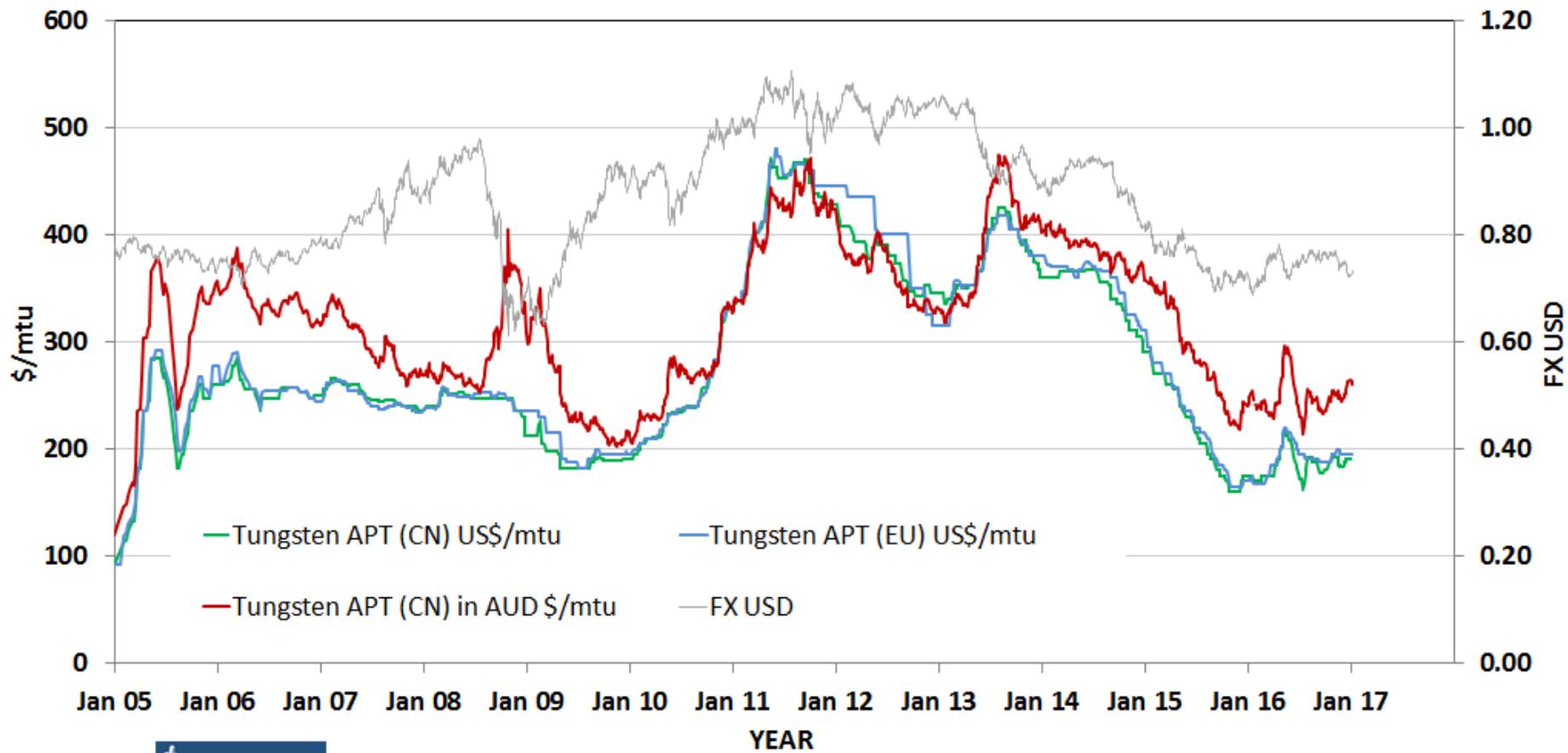


Figure 3: Location of Vital Metals Queensland Mining Leases and Exploration Permits



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Figure 4: APT Tungsten Prices

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Location	Tenement	Percentage held at the beginning and end of the Quarter
Burkina Faso	Doulnia	100%
	Kampala	100%
	Zeko	100%
Germany	Aue	100%
Watershed	EPM 25102	100%
	MDL127	100%
	EPM 18171	100%
	EPM 19809	100%
	EPM 25139	100%
	EPM 25940	100%
	ML 20535	100%
	ML 20536	100%
	ML 20537	100%
	ML 20538	100%
	ML 20566	100%
	ML 20567	100%
	ML 20576	100%

Table 1: Interests in Mining Tenements.