

QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Vital Metals Limited (ASX: VML) (**Vital** or the **Company**) is pleased to report on its activities during the September 2018 Quarter.

HIGHLIGHTS

EXPLORATION

Bouli Gold Project, Niger

- Vital announced it has withdrawn from an earn-in agreement with private Turkish company SUMMA over the Bouli Gold Project in Niger, West Africa.

Aue Cobalt Project, Germany

- Soil and rock chip sampling identified significant geochemical anomalies for Bi, Ag, Pb and As in historic mining areas

CORPORATE

- Finalisation of the sale of Watershed Tungsten Project for \$15 million cash
- Vital intends to be highly selective with potential acquisitions in an environment of falling asset prices and increasing difficulty for junior exploration companies in obtaining equity market finance

Bouli Gold Project, Niger

Vital has withdrawn from an earn-in agreement with private Turkish company SUMMA over the Bouli Gold Project in Niger, West Africa. A review by the Vital Board considered various factors relating to the project including the geopolitical situation in Niger. Vital has no further expenditure requirements under the agreement.

Aue Cobalt Project, Germany

The Aue project is in the Erzgebirge region of Germany. The area has a rich history of cobalt production with mining occurring from the 16th century through to the late 1930s.

During the quarter, the Company received sample assays (returning 1.3% Ni, 0.8% Co, 0.3%Bi) from the Q2 2018 soil geochemistry program and commenced a second sampling program. Soil sample assays received during the quarter identified strong geochemical anomalies for bismuth (up to 0.29%) associated with Bi-Co-Ni mineralisation near Waschleithe and Bockau in historic mining areas.

Nahouri Gold Project, Burkina Faso

The Nahouri Gold Project sits within the Markoye Structural Corridor in Burkina Faso, 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, Burkina Faso).

During the quarter, a potential Vanadium-Titanium-Magnetite (VTM) target with a strike length of approximately 2km was identified in historical soil geochemistry and Vitals own airborne geomagnetic data. Follow-up reconnaissance soil and rock chip sampling during the quarter with V₂O₅ concentrations up to 0.2% support the old data. Vital will carry out an infill soil geochemistry program to delineate the anomaly in Q4 2018.

CORPORATE

Sale of Watershed Tungsten Project

During the quarter, Vital finalised the sale of its Watershed Tungsten Project north of Cairns in Far North Queensland to Tungsten Mining NL (ASX: TGN) for \$15 million cash consideration, less completion adjustments.

Vital used a portion of the sale funds to repay \$1.4 million to Macquarie, following which the Company is debt free.

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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. Additionally, Mr Strizek confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Forward looking statements

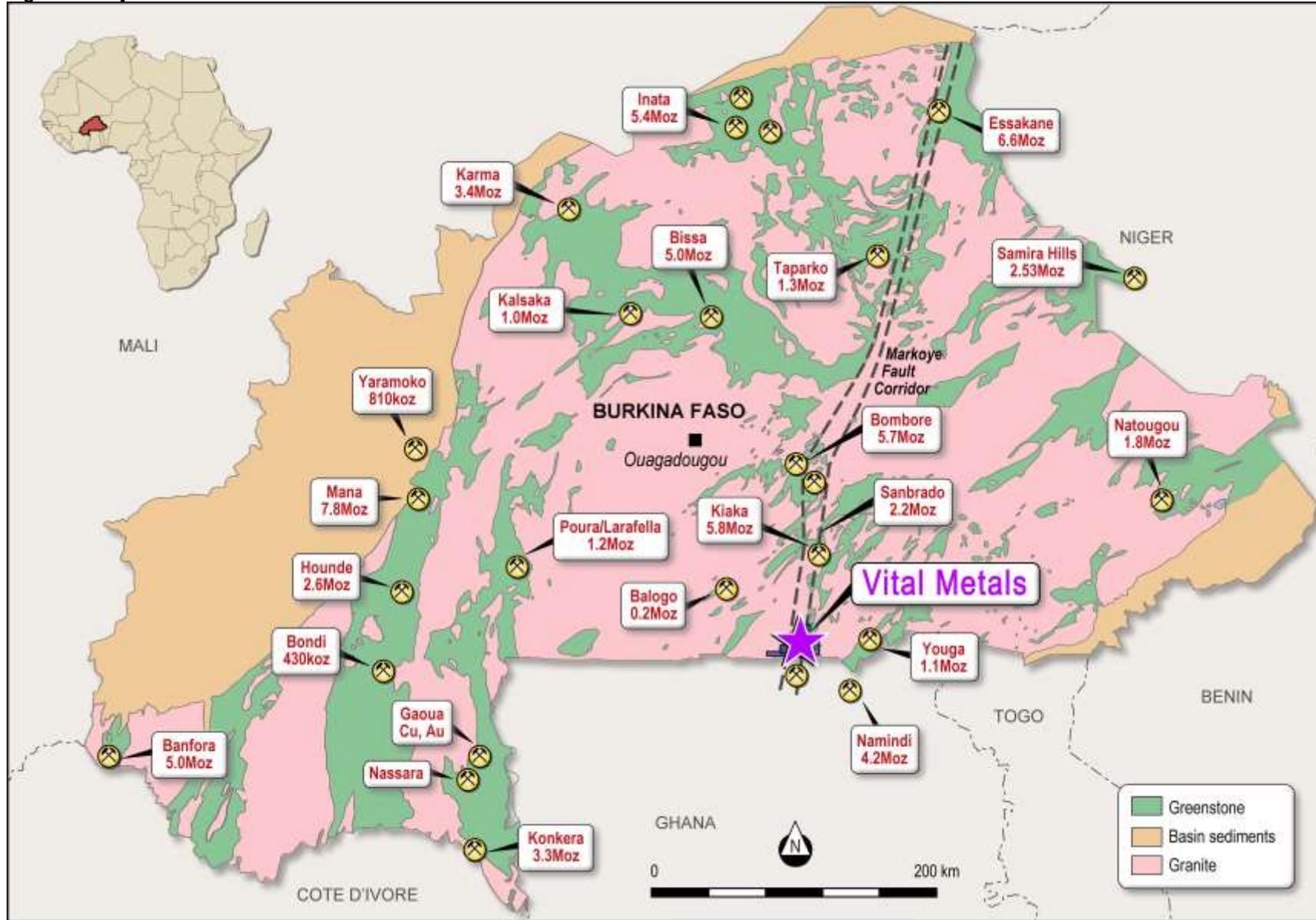
Certain written statements contained or incorporated by reference in this new release, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking 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.

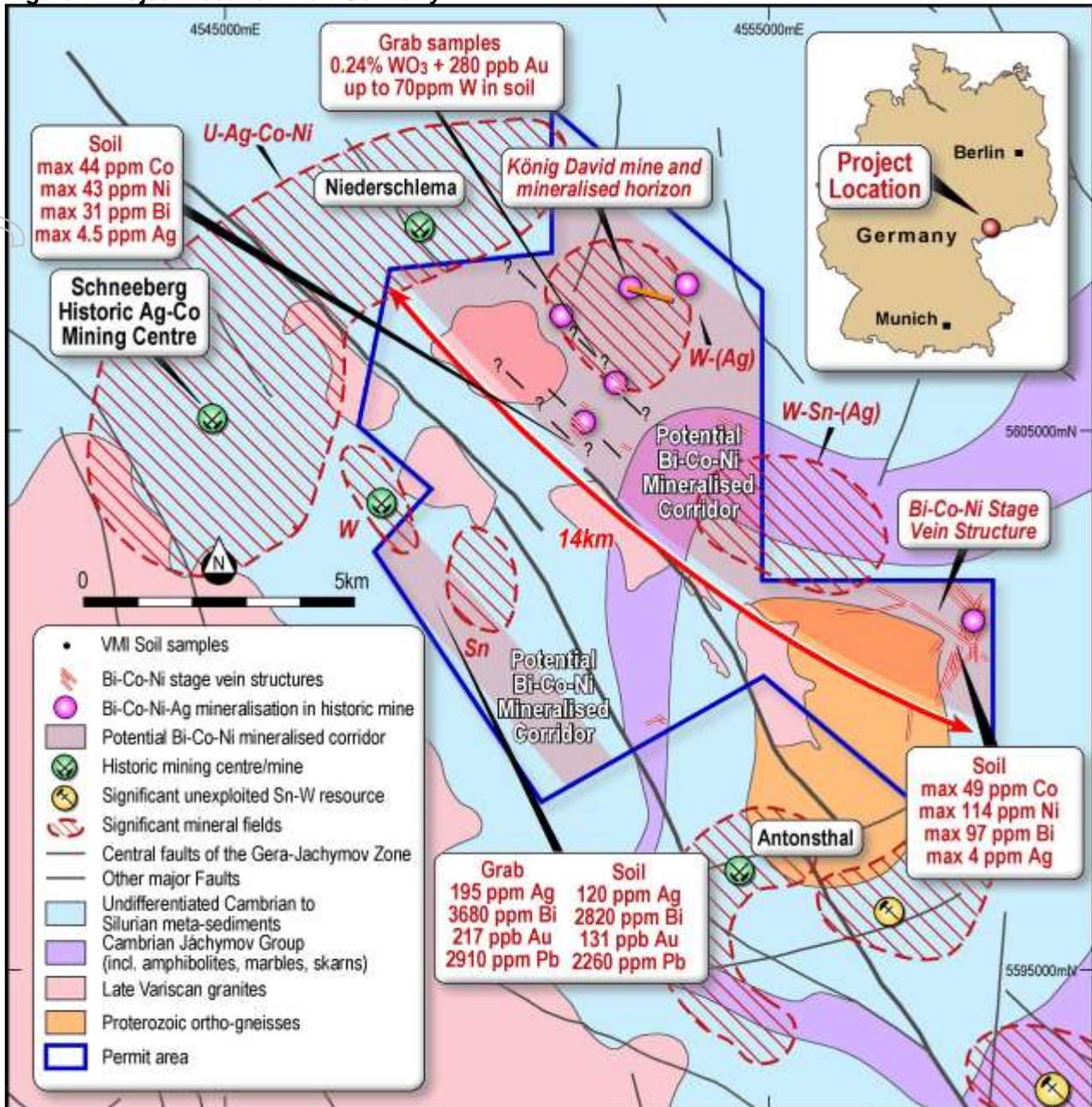
For further information, please see the Company's most recent annual financial statement, a copy of which can be obtained from the Company on request or at the Company's website: www.vitalmetals.com.au. The Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. All forward-looking statements made in this new release 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.

Figure 1: Project Location Plan Burkina Faso



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Figure 2 Project Location Plan Germany



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JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data		
Criteria	JORC Code Explanation	Commentary
Sampling Technique	<p>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</p>	<p>Grab samples were taken from waste rock mullock dumps. The samples were identified, logged and sampled on site.</p> <p>The mullock dumps were created by various small scale mining operations pre-dating 1900.</p> <p>Selective rock chip samples were submitted to ALS Romania for multi-element geochemistry. Four acid digests followed by Inductively Coupled Plasma - Atomic Emission Spectroscopy (ICP - AES). Some samples were re-assayed using ICP-MS (Mass Spectrometry). Additionally, gold was assayed using lead collection fire assays. Results are corrected for spectral interelement interferences.</p> <p>Soil samples were taken along predefined sample lines with a sample spacing between 25 and 50m.</p> <p>Sample material was taken from the B-horizon of the soil profile. The samples were logged and sampled as bulk samples (0.5kg to 1kg each) on site.</p> <p>Soil samples were submitted to ALS laboratories in Romania for multi-element geochemistry. Samples were dried at <60°C/140°F and sieved to -180 micron (80 mesh). Aqua regia digestion followed by ICP-MS assaying for a wide range of trace elements including gold. Soil samples of one line were additionally assayed using 4 acid digestion</p>
Drilling	<p>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</p>	<p>No drilling results being reported</p>
Drill Sample Recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<p>No drilling results being reported</p>

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Logging	<p>Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>No drilling results being reported. Samples are rock chips taken from mullock dump. They are selective and are reconnaissance in nature. Logging was completed on a qualitative and quantitative basis.</p> <p>Soil samples were taken from pre-defined sample locations from the B-horizon of the soil profile. Samples were logged regarding colour, lithology and mineral content.</p>
Sub-Sampling Technique and Sample Preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<p>No drilling results being reported.</p> <p>Samples are rock chips taken from mullock dump. They are selective and are reconnaissance in nature.</p> <p>Soil samples were taken from pre-defined sample locations from the B-horizon of the soil profile. Duplicate samples were taken to ensure reproducibility of results.</p> <p>The samples sizes were appropriate for the size of the material being sampled.</p>
Quality of Assay Data and Laboratory Tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</p> <p>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</p>	<p>The analytical techniques used are appropriated and are considered total.</p> <p>Selective rock chip samples were submitted to ALS Romania for multi-element geochemistry. Four acid digests followed by Inductively Coupled Plasma - Atomic Emission Spectroscopy (ICP - AES). Some samples were re-assayed using ICP-MS (Mass Spectrometry). Additionally, gold was assayed using lead collection fire assays. Results are corrected for spectral interelement interferences and are considered appropriate.</p> <p>Soil samples were submitted to ALS laboratories in Romania for multi-element geochemistry. Samples were dried at <60°C/140°F and sieved to -180 micron (80 mesh). Aqua regia digestion followed by ICP-MS assaying for a wide range of trace elements including gold. Soil samples of one line were additionally assayed using 4 acid digestion</p> <p>No bias was detected in laboratory standards. No external checks have been undertaken.</p>
Verification of Sampling and Assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes The verification of significant intersections by either independent or alternative company personnel. Discuss any adjustment to assay data</p>	<p>No independent verification has been completed to date. No adjustment was performed to assay data</p>
Location of	<p>Accuracy and quality of surveys used to locate</p>	<p>Handheld GPS was used and cross checked with local</p>

Data points	drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used Quality and adequacy of topographic control	geological maps. The accuracy of sampling locations has been located to a sufficient level of accuracy. The samples are reconnaissance in nature and will not be used for mineral resource estimation GK DHDN Zone4
Data Spacing and Distribution	Data spacing for reporting of Exploration Results Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied	Not applicable. The samples are reconnaissance in nature and will not be used for Mineral Resource estimation.

Orientation of Data in Relation to Geological Structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Not applicable.
Sample Security	The measures taken to ensure sample security	Industry standard steps were taken to ensure sample security. Samples were dropped off with commercial courier who transported samples to ALS Laboratories in Romania. Sample weights and numbers were then cross checked with no discrepancies noted.
Audits or reviews	The results of any audits or reviews of sampling techniques and data	No external reviews or audits have been completed to date.

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Aue permit was granted by the German Department of Mines on the 18th of February 2015 for an initial period of 5 years. The permit is located in the state of Saxony with the majority of the mineralised zones located in areas of commercial forest (logging). At this point in time Vital Metals are not aware of any issues with the security of tenure.
Exploration Done by Other Parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration by other parties is detailed in historical reports held by the Geological Survey and the Wismut. The two main explorers in the region were the East German Geological survey who were exploring for tungsten and the Soviet-German mining company SDAG Wismut who were predominantly exploring for uranium. Information sighted to date appears to be of a high

		standard.
Geology	Deposit type, geological setting and style of mineralisation.	The local geology comprises Palaeozoic metamorphosed sediments which are intruded by Carboniferous S-type granites and intersected by the major Gera-Jachymov fault zone. Both the granites and the Gera-Jachymov fault zone are closely linked to the known world-class mineral deposits in the region.

Data Aggregation Methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths	No data aggregation completed.
Relationship Between Mineralisation Widths and Intercept Lengths	These relationships are particularly important in the reporting of Exploration Results If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it	No drill hole intercepts being reported.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should	A location plan has been included in the text of this document.
Balanced Reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high	Data is currently insufficient to determine if historical information is representative. Rock samples taken from the area in 2014 indicate the mineralisation is present sometimes in spectacular quantities.
Other Substantive Exploration Data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and	The reference to metallurgical testwork was sourced from a report completed by a geologist working for the East German Geological Survey. It is reported that the samples were taken from the drive 83a. At 4 locations with previous channel samples, they pushed the roof by 30cm to obtain material for testing. The methods for the metallurgical testwork are unknown.
Further Work	The nature and scale of planned further work (eg tests for lateral extensions or large scale step out drilling. Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Further exploration work is planned this will initially involve sourcing historical drill information and converting the information to digital format for interpretation.

ABOUT VITAL METALS

Vital Metals Limited (ASX:VML) is an explorer and developer holding a portfolio of gold, technology metals and base metals. Our projects are located across a range of jurisdictions in West Africa and Germany.

Nahouri Gold Project – Burkina Faso

The Nahouri Gold Project (100% Vital) is located in southern Burkina Faso. The Project is made up of three contiguous permits; the Nahouri, Kampala and Zeko exploration permits. The Project is located in highly prospective Birimian Greenstone terrain with 400 sq km of contiguous tenements lying on the trend of the Markoye Fault Corridor.

Aue Project – Germany

The Aue 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 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 cobalt, tungsten, tin, uranium and silver mineralisation.

Vital Metals Limited

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Board & Management

Francis Harper
Chairman

Mark Strizek
CEO and Managing Director

Peter Cordin
Non-Executive Director

Andrew Simpson
Non-Executive Director

Matthew Foy
Company Secretary

Capital Structure

1.7 billion shares

291 million unlisted options

Appendix A - Schedule of Tenements as at 30 September 2018

Location	Tenement	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Burkina Faso	Nahouri	100%	100%	0%	100%
	Kampala	100%	100%	0%	100%
	Zeko	100%	100%	0%	100%
Germany	Aue	100%	100%	0%	100%
Queensland Australia	EPM 18171	100%	100%	(100%)	0%
	EPM 19809	100%	100%	(100%)	0%
	EPM 25102	100%	100%	(100%)	0%
	EPM 25139	100%	100%	(100%)	0%
	EPM 25940	100%	100%	(100%)	0%
	ML 20535	100%	100%	(100%)	0%
	ML 20536	100%	100%	(100%)	0%
	ML 20537	100%	100%	(100%)	0%
	ML 20538	100%	100%	(100%)	0%
	ML 20566	100%	100%	(100%)	0%
	ML 20567	100%	100%	(100%)	0%
	ML 20576	100%	100%	(100%)	0%

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