

## **QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2017**

Vital Metals Limited (ASX: VML) is pleased to report on its activities during the June 2017 Quarter.

### **HIGHLIGHTS**

- High grade drilling results from **Kollo South**:
  - **17m at 6.0 g/t Au** from 114m downhole including **2m at 30.5 g/t Au**
  - **13m at 9.0 g/t Au** from 174m including **2m at 46.2 g/t Au**
- Results demonstrated high-grade gold mineralisation extended over 100m on a graphitic marker unit that strikes +400m and mineralisation remains open at depth
- Drilling in progress to test depth and strike extensions
- Shallow intercepts of high-grade gold mineralisation at **Boungou South**, including:
  - **8m @ 9.3 g/t Au** from 56m
  - **9m @ 3.6 g/t Au** from 39m
  - **20m @ 1.5 g/t Au** from 16m
  - **5m @ 3.2 g/t Au** from 22m
- Track-mounted RC drill rig commenced drilling at **Kollo Hill**

### **CORPORATE**

- Blackwood Capital founder and director Francis Harper appointed Non-Executive Director.

#### **Kollo Gold Project, Burkina Faso (Vital 100%)**

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).

Vitals' exploration program at Kollo South reported high grade and width from contact zone mineralisation including **17m at 6.0 g/t Au from 114m downhole including 2m at 30.5 g/t Au** from KRC352 and **13m at 9.0 g/t Au from 174 including 2m at 46.2 g/t Au** from KRC353<sup>1</sup>.

Results to date demonstrated high-grade gold mineralisation extended over 100m on the contact of an intensely sheared graphitic marker unit that strikes at least 400m in an east-west orientation. Mineralisation remains open at depth with drilling in progress to test depth and strike extensions.

High grade contact zone mineralisation is believed to have an easterly plunge as drilling has tested the contact zone from west to east at drill depths ranging from 150m to 250m. Vital sourced a diamond rig to

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<sup>1</sup> Results reported 22/05/2017 and 6/06/2017 - The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcements.

complete diamond drill tails due to high water inflows that prevented the holes from hitting target depths with the RC rig.

At Kollo Hill, Vital prepared for first-pass drilling on a 1km strike length on the shear zone between Kollo Central and Kollo North that has never been tested. A track-mounted RC drill and support vehicle from Africa Mining Services (Ausdrill) started drilling at Kollo Hill in June.



### ***Boungou South***

Vital reported shallow intercepts of high-grade gold mineralisation at its Boungou South prospect (which is located approximately 6km to the south east of Kollo South) including results<sup>2</sup> of:

- BOURC004: 8m @ 9.3 g/t Au from 56m
- BOURC018: 9m @ 3.6 g/t Au from 39m
- BOURC002: 20m @ 1.5 g/t Au from 16m
- BOURC019: 5m @ 3.2 g/t Au from 22m

These results were from a program of 22 RC holes of 1,680m to test an identified gold-in-soil anomaly. The current program confirmed and surpassed previous drill intercepts recorded in 2012.

Drill fences were spaced at nominal 100m and 400m lines over a 1km strike length and further work is planned to follow up the gold mineralisation which remains open along strike and at depth.

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<sup>2</sup> Results reported 29/06/2017 - The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcements.

## ADB

Six RC holes for 451m were drilled at ADB to test a gold-in-soil anomaly with drill fences spaced at a 400m. Moderate grade intercepts were reported near the previously-reported peak auger result of 5.2 g/t Au<sup>3</sup>:

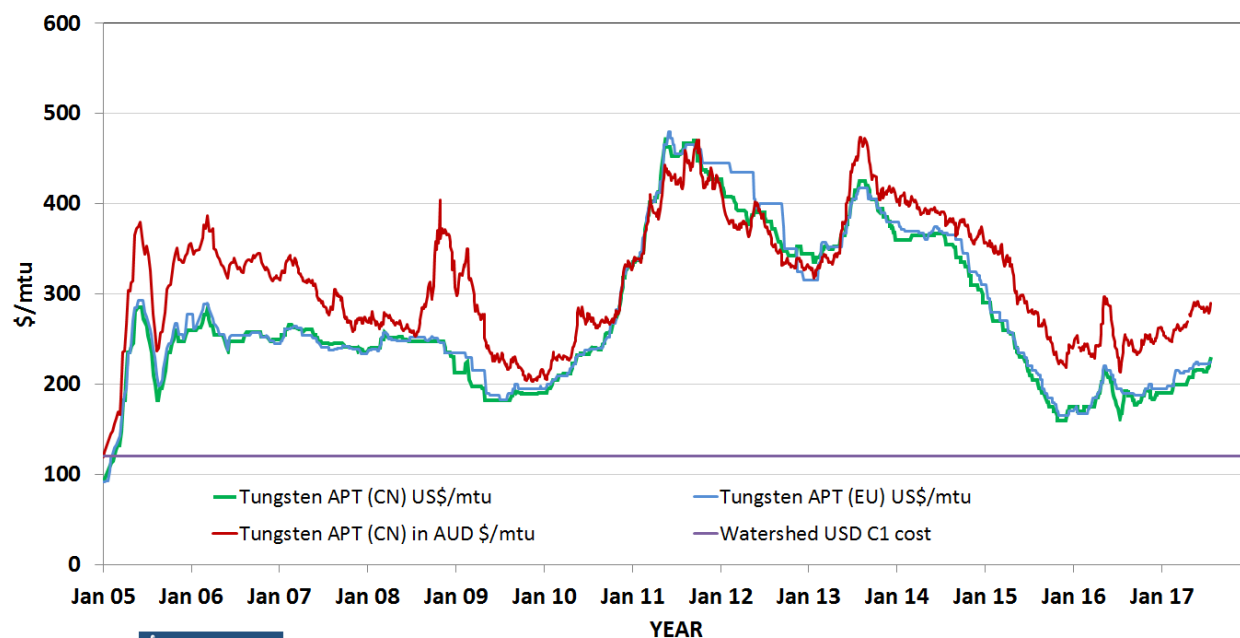
- ADBRC006: 10m @ 0.6 g/t Au
- ADBRC006: 2m @ 1.4 g/t Au.

Further auger results are expected from the Kampala tenement and these will be compiled with the drilling data once received and further work planned.

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

APT prices quoted for China and Europe increased by around 15% during the quarter to end at US\$230 to US\$235/mtu respectively.

More importantly, prices for tungsten concentrate (which is not quoted) continues to attract a significant premium (>15%) on the APT price. This is a result of strong demand from buyers and a continued restriction of supply of concentrate needed for Western metal makers. At current tungsten concentrate prices and FX (US\$0.8) implies Watershed has a pre-tax NPV of \$70M.



Source:  METAL-PAGES  
Your link to the world's metal markets

A team from the Economic Geology Research Centre (EGRU) at James Cook University conducted a mapping session with Vital Metals geologists at Watershed during the quarter. This work is part of a 3 year programme funded by the Geological Survey of Queensland and supported by Vital Metals.

The programme is advancing our understanding of the Vein hosted scheelite mineralization which is related to shear zones with scheelite-rich quartz-feldspar-muscovite veins occurring in three sets of striking orientations (EW, ESE and ENE) consistent with NNW trending shear zones and N-S extension.

Disseminated scheelite mineralisation is hosted in skarns, which the mapping program has shown to be more continuous than previously believed which may have positive implications for the resource interpretation at Watershed.

The Department of Environment and Heritage Protection conducted a compliance inspection during the quarter and was satisfied with the condition of the mining leases.

<sup>3</sup> Includes: Results reported previously 27/02/2017, 6/04/2017 and 29/06/2017 - The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcements.

## CORPORATE

### Director Appointment

During the quarter, Vital Metals appointed Francis Harper as a Non-Executive Director to its Board.

Mr Harper was Chairman and a Non-Executive Director of West African Resources until June 2015. West African Resources is developing the 2.2Moz Sanbrado Gold Project in Burkina Faso, with tenements close to Vital Metals' Kollo Project, and Blackwood led all West African's financings over a six-year period, giving him invaluable experience that will support Vital Metals during its growth.

Prior to founding Blackwood Capital, Mr Harper spent 15 years with NM Rothschild in senior positions within resources corporate finance in the UK, the USA and Australia.

### Results of Meeting

At a General Meeting of Vital Metals shareholders held in Perth on 2 May 2017, all resolutions set out in the Notice of Meeting dated 30 March 2017 passed on a show of hands.

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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

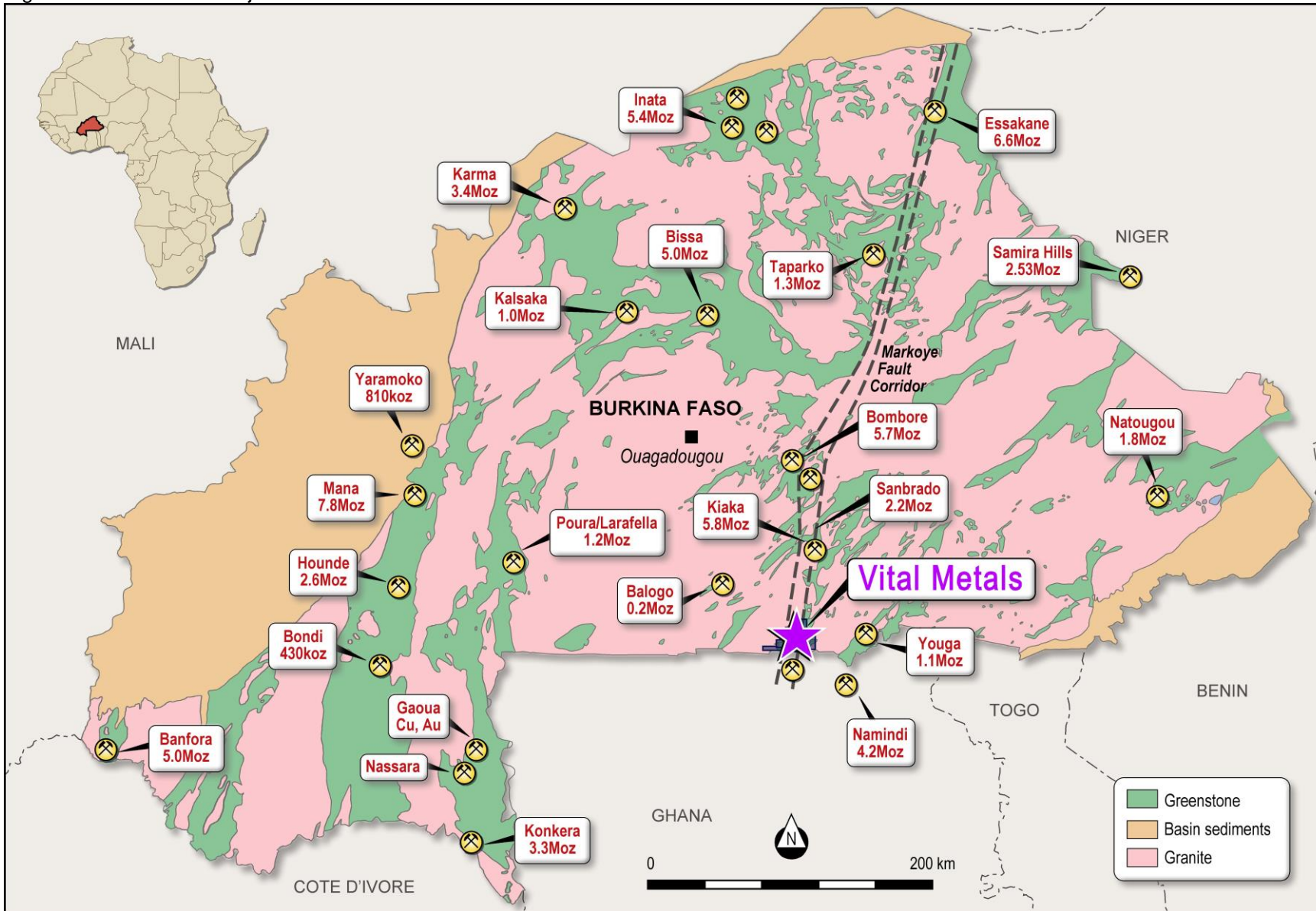
Certain written statements contained or incorporated by reference in this new release, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking 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](http://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: Burkina Faso Project Location Plan



## ABOUT VITAL METALS

Vital Metals Limited (**ASX: VML**) is an explorer and developer, focused on progressing three highly prospective mineral Projects: Watershed Tungsten Project in far north Queensland, Australia, 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 400 sq. km of contiguous tenements lying on the trend of the Markoye Fault Corridor and hosting the Kollo Gold Project and Boungou South Gold Prospect.

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#### Board & Management

David Macoboy  
Chairman

Mark Strizek  
CEO and Managing Director

Peter Cordin  
Non-Executive Director

Andrew Simpson  
Non-Executive Director

Francis Harper  
Non-Executive Director

Ian Hobson  
Company Secretary

#### Capital Structure

1,055.7 million shares

186.9 million unlisted options

**Table 1. Tenement Summary**

<b>Location</b>	<b>Tenement</b>	<b>Percentage held at the beginning and end of the Quarter</b>
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%