

Vital to sell Watershed Tungsten Project for \$15 million cash

HIGHLIGHTS

- Vital signs a Binding Term Sheet to sell Watershed Project in Queensland to Tungsten Mining NL (ASX: TGN)
- Vital to remain focused on its highly prospective Bouli gold project in Niger

Vital Metals Limited (ASX: VML) is pleased to announce it has signed a Binding Term Sheet to sell its Watershed Tungsten Project in north Queensland to Tungsten Mining NL (ASX: TGN) for \$15 million cash. The sale will comprise 100% of the project as well as all associated exploration permits, subject to satisfaction of all conditions of the agreement.

Watershed is located 130km north of Cairns in a mining friendly jurisdiction. It is a development-ready opportunity with granted Mining Leases and an Environmental Authority for an open-pit development.

An updated capital cost review completed independently for Vital in March 2018 estimated Project Capex of approximately \$106 million.

Vital has undertaken a review as to how best to maximise the value of the Watershed Tungsten Project in light of its success at the Bouli Gold Project. For the past two years, the core focus of Vital has been on the exploration of gold in West Africa (Burkina Faso and Niger). The Company is extremely encouraged with the results from drilling at the Bella Tondi prospect within the greater Bouli Gold Project.

The Company is delighted to be able to realise \$15 million in cash from selling its Watershed Tungsten Project and also to sell to Tungsten Mining NL, a dedicated tungsten company. The proceeds from the sale will enable Vital to maintain an aggressive exploration program in West Africa.

The sale is subject to the following conditions precedent; satisfactory completion of the purchaser's due diligence enquiries, execution of ancillary deeds relating to land use agreements and royalty deed and Vital obtaining any required shareholder and regulatory approvals. Vital will update the market with respect to progress of the satisfaction of the relevant conditions. Completion is anticipated to occur in approximately two months.

The Binding Term Sheet also contains deal protection clauses in favour of the purchaser including exclusivity, "no shop", requirement for Vital directors to recommend the transaction and a \$500,000 break fee should the directors change their recommendation and shareholders do not approve the sale of Watershed to Tungsten Mining NL.

Vital will convene a General Meeting of Shareholders for shareholders to vote on the sale of the Watershed Project to Tungsten Mining NL as soon as practicable. Vital anticipates a Notice of Meeting will be dispatched to shareholders within two weeks.

Sale of the Watershed Project and payment of \$15 million cash will be remitted to Vital within five business days of the last condition precedent being satisfied.

Argonaut acted as financial advisor to the transaction.

ENDS

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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. 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.

ABOUT VITAL METALS

Vital Metals Limited (**ASX:VML**) is an explorer and developer, focused on progressing four highly prospective mineral Projects: the development ready Watershed Tungsten Project in far north Queensland, Australia, The Bouli Gold Project in Niger, West Africa and the Nahouri Gold Project in southern Burkina Faso, West Africa and the Aue Tungsten Project in Saxony, Germany.

Bouli Gold Project – Niger

The Bouli Gold Project is a portfolio of three highly prospective gold permits in Niger, West Africa covering 4,289km² held by a subsidiary of SUMMA (a private Turkish company). Vital is working to earn interest in the project via the funding of an exploration work program.

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 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, cobalt, uranium and silver mineralisation.

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 development-ready having a completed Definitive Feasibility Study (DFS), is fully permitted and has all landowner and Indigenous agreements in place.

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.

Vital Metals Limited

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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

Matt Foy
Company Secretary

Capital Structure

1,320 million shares

231 million unlisted options