

Vital Metals LimitedASX Code: **VML**

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Email: vital@vitalmetals.com.auwww.vitalmetals.com.au**Capital Structure**

241.3 million shares

21.8 million unlisted options

Board & ManagementDavid 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
Read Corporate
(08) 9388 1474**VITAL SECURES STRATEGIC INVESTMENT
FROM SEDGMAN TO SUPPORT
QUEENSLAND TUNGSTEN STRATEGY****Key Points**

- Listed global mineral processing and infrastructure solution provider Sedgman Limited to provide Vital with A\$500,000 funding through a placement and convertible note.
- Strategic investment represents a strong vote of confidence in Vital's flagship 70%-owned Watershed Tungsten Project in Queensland (30% partner: Japan's JOGMEC).
- Funds raised to provide working capital to enable Vital to complete the Watershed Definitive Feasibility Study (DFS), which is near-complete and due for delivery in July 2014.
- Sedgman has been working on the Watershed DFS and has substantial experience building and operating mineral processing plants and working with large Japanese partners.

Vital Metals Limited (ASX: VML) is pleased to announce that it has taken another key step towards funding and development of its flagship 70%-owned **Watershed Tungsten Project** in Queensland after securing a strategic investment by global mineral processing and infrastructure solution provider Sedgman Limited (ASX: SDM).

Sedgman has agreed to make a \$500,000 investment in Vital comprising:

- A share placement of 6,250,000 VML shares at an issue price of A\$0.04 per share to raise A\$250,000; and
- An unsecured \$250,000 Convertible Note which is convertible at Vital's election into fully-paid ordinary VML shares at a conversion price based on a 30-day VWAP less a 5% discount. The Convertible Note carries a coupon interest rate of 5% payable quarterly in arrears.

Sedgman is currently completing the engineering work for the Definitive Feasibility Study (DFS) on Vital's flagship Watershed Tungsten Project in Queensland.

The issue price of the share placement represents a 18 per cent premium to the closing price of Vital shares on the ASX on Monday, 30 June 2014. This represents a strong vote of confidence by Sedgman in the Watershed Tungsten Project.

This funds raised will provide Vital with the necessary working capital to complete and deliver the DFS and execute the next key steps of its strategy to finance and develop the Watershed Project.

Vital's Managing Director Mark Strizek said the strategic investment by Sedgman represented a strong vote of confidence in the Watershed Project and the Company's financing and development strategy in conjunction with its 30% Japanese partner JOGMEC.

"This builds on our existing strategic relationship with Sedgman, who have developed an intimate knowledge of the Watershed Project through the excellent engineering work they have undertaken as part of the Definitive Feasibility Study.

"This funding injection will enable us to complete and deliver the Feasibility Study, paving the way for the next stage of development of this quality asset – unlocking significant value for shareholders in the process.

"We are delighted to have secured Sedgman's involvement at this level of our corporate and development strategy, and we look forward to continuing to work closely with them to deliver the DFS in the near future," he added.

A technical party from JOGMEC recently spent a week in Perth with Sedgman reviewing the final flow sheet, mass balance and proposed plant design for the Watershed Project. At the conclusion of this technical visit, the principles underpinning the final flow sheet, mass balance and proposed plant design were agreed for completion of the DFS.

This is a key development as JOGMEC will be able to provide technical briefings to Japanese companies that are interested in acquiring JOGMEC's interest in Watershed and participating in the project's development.

Once completed, the DFS will undergo final technical and peer reviews in the second half of 2014, paving the way for a Final Investment Decision (FID).

ENDS

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

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ABOUT VITAL METALS

Vital Metals Ltd (**ASX: VML**) is a developer and explorer, focused on progressing two highly prospective mineral projects: the advanced Watershed Tungsten Project in far north Queensland, Australia and the Doulunia 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. Vital has entered into a formal Earn-In Agreement with JOGMEC (Japan Oil, Gas and Metals National Corporation) where JOGMEC has earned 30% of the Project for \$5.4M (valuing the Project at the time of the farm-in at \$18M). The funds have been used to undertake a Definitive Feasibility Study (DFS).

Doulunia Gold Project – Burkina Faso

The Doulunia Gold Project (100% Vital) is located in southern Burkina Faso, West Africa. The Project is made up of four contiguous tenements; The Doulunia and Kampala exploration tenements which were recently secured following a deal with Ampella Mining Ltd and the Mediga and Zeko exploration tenements. The Project is located in highly prospective Birimian Greenstone terrain with over 850 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 Bounbou South Gold Prospect.

About JOGMEC

Japan Oil, Gas and Metals National Corporation (JOGMEC) were established in 2004. JOGMEC is Government owned and integrates the functions of the former Japan National Oil Corporation, which was in charge of securing a stable supply of oil and natural gas and the former Metal Mining Agency of Japan, which was in charge of ensuring a stable supply of nonferrous metal and mineral resources and implementing mine pollution control measures. It has an annual budget of around 1,564 billion yen (\$18B) and provides financial assistance, technology development and technical support to Japanese companies and their foreign subsidiaries.



Figure 1: Vital Metals Project Locations