

QUARTERLY REPORT

FOR THE PERIOD ENDED 30 JUNE 2018

Vital Metals Limited (ASX: VML) is pleased to report on its activities during the June 2018 Quarter at its projects in West Africa and Germany.

HIGHLIGHTS

EXPLORATION

Bouli Gold Project, Niger

- Bella Tondi prospect: **Visible gold in drill core**, final results of RC program and results from 13-hole DD program with significant intercepts including **20m @ 5.79 g/t Au incl 2m @ 48.4 g/t Au, 8m @ 7.26 g/t Au and 5.87m @ 5.68 g/t Au**
- Bella Tondi prospect: preliminary metallurgical testwork indicates gold at Bella Tondi is free milling and should be amenable to conventional cyanide leach
- Petit Druikou prospect: 7 hole RC program reports significant intercepts including **13m @ 1.6 g/t Au and 6m @ 1.2 g/t Au from 0m**
- Airborne geophysical survey with 9,060km line length completed identifying 24 structural targets supported by historical exploration data

Aue Cobalt Project, Germany

- Significant cobalt from initial sampling at Aue – rock samples return 0.8% cobalt and 1.3% nickel
- Further soil sampling results expected next quarter

CORPORATE

- Sale of Watershed Tungsten Project for \$15 million cash
- Vital to proceed with 50% earn-in at Bouli Gold Project
- Second tranche of \$3.8 million equity raising completed to advance gold exploration

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Bouli Gold Project, Niger

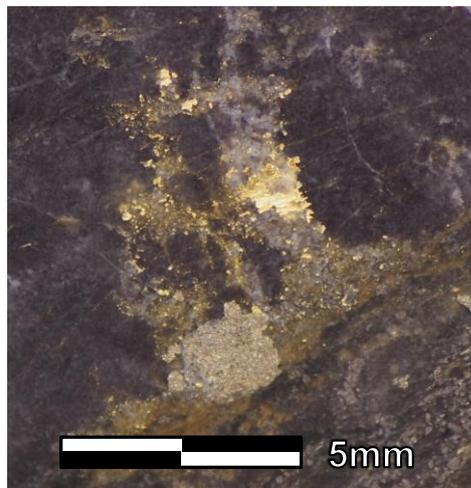
Bella Tondi Prospect

During the quarter, Vital commenced a diamond drilling program with the aim of testing the continuity of high-grade gold mineralisation down to a vertical depth of 150m.

Visible gold in diamond drill core was reported in BTRD004, drilled under the ultra-high-grade result of 4m at 157g/t Au.

Visible gold was also identified in drill core from BTRD006 at a relatively shallow 115m down-hole.

Visible gold from BTRD004, 202m



Significant drilling results reported during the quarter include¹:

- BTRC047: 20m @ 5.79 g/t from 100m to EOH including 2m @ 48.4g/t
- BTRD004: 8m @ 7.26 g/t from 195m incl 2m @ 26.7 g/t
- BTRD006: 5.87m @ 5.68 g/t from 109m
- BTRC048: 6m @ 1.92 g/t from 52m
- BTRC043: 8m @ 1.25 g/t Au from 12m

Previous drilling results reported from the maiden RC drill program have included exceptional high gold grades of up to **4m @ 157 g/t Au**:

- BTRC040: 10m @ 63.5 g/t Au from 74m inc 4m @ 157 g/t Au from 76m²
- BTRC005B: 8m @ 10.3g/t Au from 62m including 2m @ 36.5g/t Au from 62m³
- BTRC022B: 2m @ 13.1g/t Au from 83m
- BTRC041: 2m @ 9.9 g/t Au from 64m
- BTRC029: 15m @ 3.1g/t Au from 56m, ending in mineralisation
- BTRC037: 2m @ 4.7 g/t Au from 40m
- BTRC035: 4m @ 3.3 g/t Au from 44m

During the quarter, cyanide leach analysis of RC chip samples that were previously analysed by fire assay was undertaken in Ouagadougou to test the leachability of the gold mineralisation at Bella Tondi. The grade of the samples covered a wide range of gold grades from sub-mineralised to ultra-high grade.

¹ ASX announcements 10 April 2018 and 11 July 2018

² ASX Announcement 27 March 2018

³ ASX Announcement 8 March 2018

As an initial test, the results were extremely encouraging with a good correlation between the original fire assay and cyanide leach assay for the mineralisation located within the Bella Tondi Shear Zone.

It is noted that given the very preliminary nature of this work, it is unknown whether this material is representative of all mineralised material types found at Bella Tondi. Vital is planning further metallurgical testing.

Petit Druikou Prospect

Thick envelopes of gold mineralisation were intersected from 7 RC holes drilled to test structural mineralisation and RAB anomalies. PDRC003 intersected 13m @ 1.6 g/t Au from 38m which was part of a broader envelope of 27m @ 0.9 g/t Au from 24m. Higher grade intercepts from the RC holes includes⁴:

- PDRC003: 13m @ 1.6 g/t Au from 38m
- PDRC007: 6m @ 1.2 g/t Au from 0m
- PDRC002: 2m @ 2.0 g/t Au from 132m

A good correlation was seen between the new RC drilling and the previous diamond drilling with PDRC003 reporting 13m @ 1.6 g/t Au from 38m compared to BDD031 which is located 40m to the north and reported 10m @ 1.67 g/t Au from 31m. Further exploration will be required to assess the potential of gold mineralisation at Petit Druikou.

Airborne geophysical survey

Vital contracted Xcalibur Airborne Geophysics (PTY) Ltd to carry out an airborne geomagnetics program with a total line length of 9,060km with a nominal 100m line spacing over the Bouli tenement package in western Niger and 50m infill spacing above the Bella Tondi trend.

The airborne survey has considerably advanced the understanding and prospectivity of the Bouli project. Interpretation of the survey data has identified more than 20 gold targets (Figure 1) with a combined strike of over 20km located in favourable structural settings and supported in many cases with positive gold grades from historical geochemistry (Figure 4). Vital is reviewing the data to identify the highest priority targets.

Aue Cobalt Project, Germany

Vital received excellent results of up to 0.8% cobalt and 1.3% nickel from rock samples taken from a mullock (dump) heap at its Aue permit in Saxony, Germany during the quarter.

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

Vital commenced initial exploration activities at Aue in April 2018, with a small geochemical program carried out with the goal to positively identify cobalt mineralisation at two key targets:

- The Stolln 7 mullock (dump) heap on the Schwarzwasser river between Aue and Lauter, where it collected five rock samples. Stolln 7, located on the Schwarzwasser river was

⁴ ASX announcement 10 April 2018

driven into a steep rock face around 1950 to explore potential uranium mineralisation. Instead of uranium the miners encountered a Bi-Co-Ni vein striking WNW-ESE. A minor amount of material was extracted and the adit was closed and sealed;

- The historic Koenig David mine pit, where Vital collected 16 soil samples and a single rock chip sample from the base of the pit.

The Vital field team encountered multiple mineral collector diggings in the otherwise overgrown mullock heap. One of these diggings contained a significant amount of material with pinkish secondary cobalt mineral coatings (erythrite, a secondary cobalt carbonate).

Multiple samples were taken, including some showing greyish primary mineralisation as well as light coloured native bismuth.

Samples were submitted to ALS Romania for multi-element geochemistry. All samples from Stolln 7 contained Co concentrations ranging from 300 to 700ppm with the best mineralised sample containing 1.3% Ni, 0.8% Co, 0.3%Bi and 19ppm Ag⁵:

Sample ID	Ag ppm	Co ppm	Cu ppm	Ni ppm	Pb ppm	Ni %
AU-0010	1.9	493	13	511	14	
AU-0027	3.1	576	10	913	16	
AU-0029	1.4	290	10	461	5	
AU-0030	19.6	8280	345	>10000	621	1.33
AU-0032	2.9	645	30	990	33	

Results from soil samples taken from around the historic Koenig David sulphide mine with a Pb-Zn-Ag signature and an area of noted Bi-Co-Ni mineralisation are expected in the next quarter. Further field work is planned to test locations with either known historic cobalt mining or are known to have Bi-Co-Ni mineralisation.



AU0030 returning 1.3% Ni, 0.8% Co, 0.3%Bi and 19ppm Ag

⁵ ASX announcement 15 May 2018

Nahouri Gold Project – Burkina Faso

Nahouri sits within the Markoye Structural Corridor in Burkina Faso, which is known to host several multi-million-ounce gold deposits, including West African Resources' high-grade Sanbrado Gold Project, Burkina Faso.

No field activities were conducted during the quarter and work consisted of compilation and interpretation of exploration data. The Company has been approached by a number of parties expressing an interest in the Project. The Board is reviewing these options and will determine the optimum exploration strategy that will add value to the company and its shareholders.

A new water well was presented to the community in an official handover ceremony at the start of the quarter.



CORPORATE

Sale of Watershed Tungsten Project

In May, Vital announced it had signed a binding term sheet to sell its Watershed Tungsten Project in Far 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.

On 27 July 2018 the parties announced that following completion of due diligence and preparation of formal transaction documents, they executed a formal Sale Agreement with completion anticipated to occur on 9 August 2018.

Vital to proceed with Bouli earn-in

In July, Vital announced it would proceed with an agreement to earn 50% of the Bouli Gold Project, Niger, through an earn-in agreement with private Turkish company SUMMA.

Vital has already spent more than \$1 million on exploration at Bouli, completing aeromagnetic surveys and drilling, predominately at the Bella Tondi prospect, as part of an exploration agreement with SUMMA. Vital's exploration at Bella Tondi has identified an emerging high-grade gold zone, with visible core detected in core samples.

In proceeding with the agreement, announced in October 2017, Vital is committed to spend an additional \$5 million on exploration over two years to earn 50% of the project.

On the establishment of a 50/50 joint venture, Vital can acquire SUMMA's stake for a 2.5% gross revenue royalty.

Second tranche of placement completed

Following shareholder approval, Vital completed the second tranche of a \$3.8 million equity raising announced in March 2018. The second tranche was completed on 27 June 2018, raising \$837,000 through the issue of 92,999,998 ordinary fully paid shares at 0.9¢ per share.

Vital is using the funds from the raising to explore the high-grade Bouli Gold Project in Niger.

Board Changes

David Macoboy retired as a Director of Vital Metals effective 2 July 2018 after serving on the board for more than seven years.

Results of Meeting

At a General Meeting of Vital Shareholders, held on 20 June 2018, all resolutions set out in the Notice of Meeting dated 21 May 2018 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. 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.

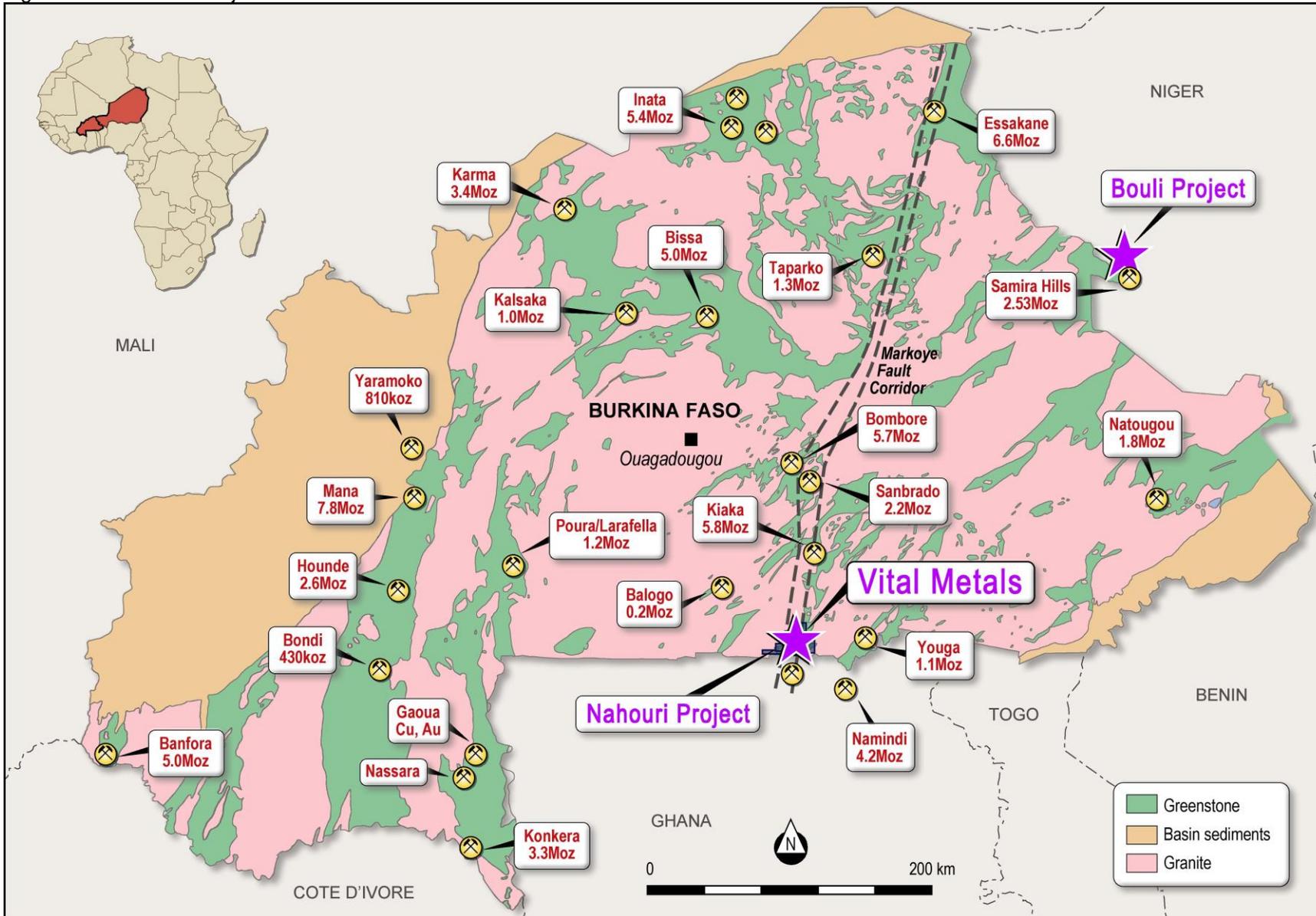
Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of tungsten, gold or other metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery 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.

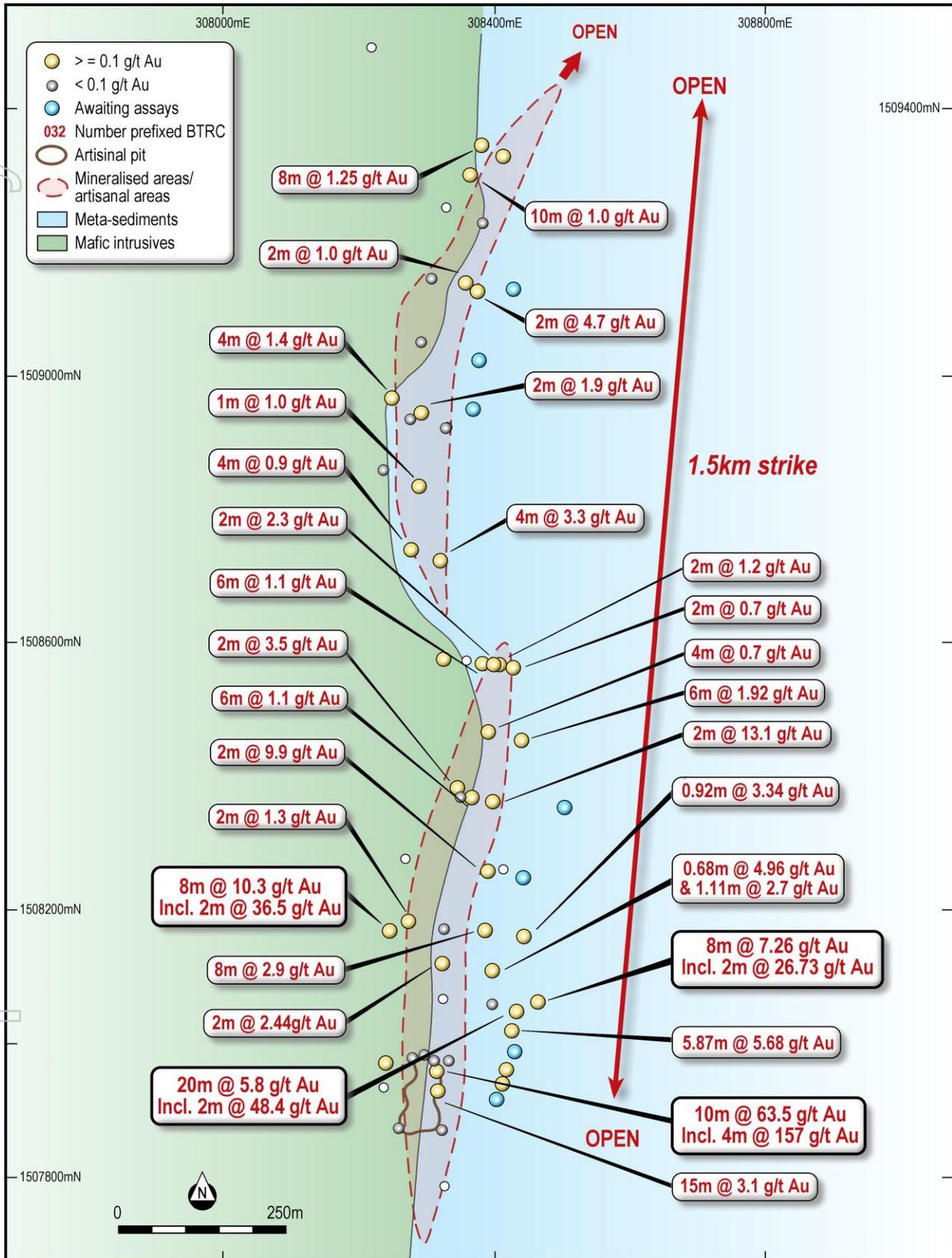
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Figure 1: West Africa Projects Location Plan



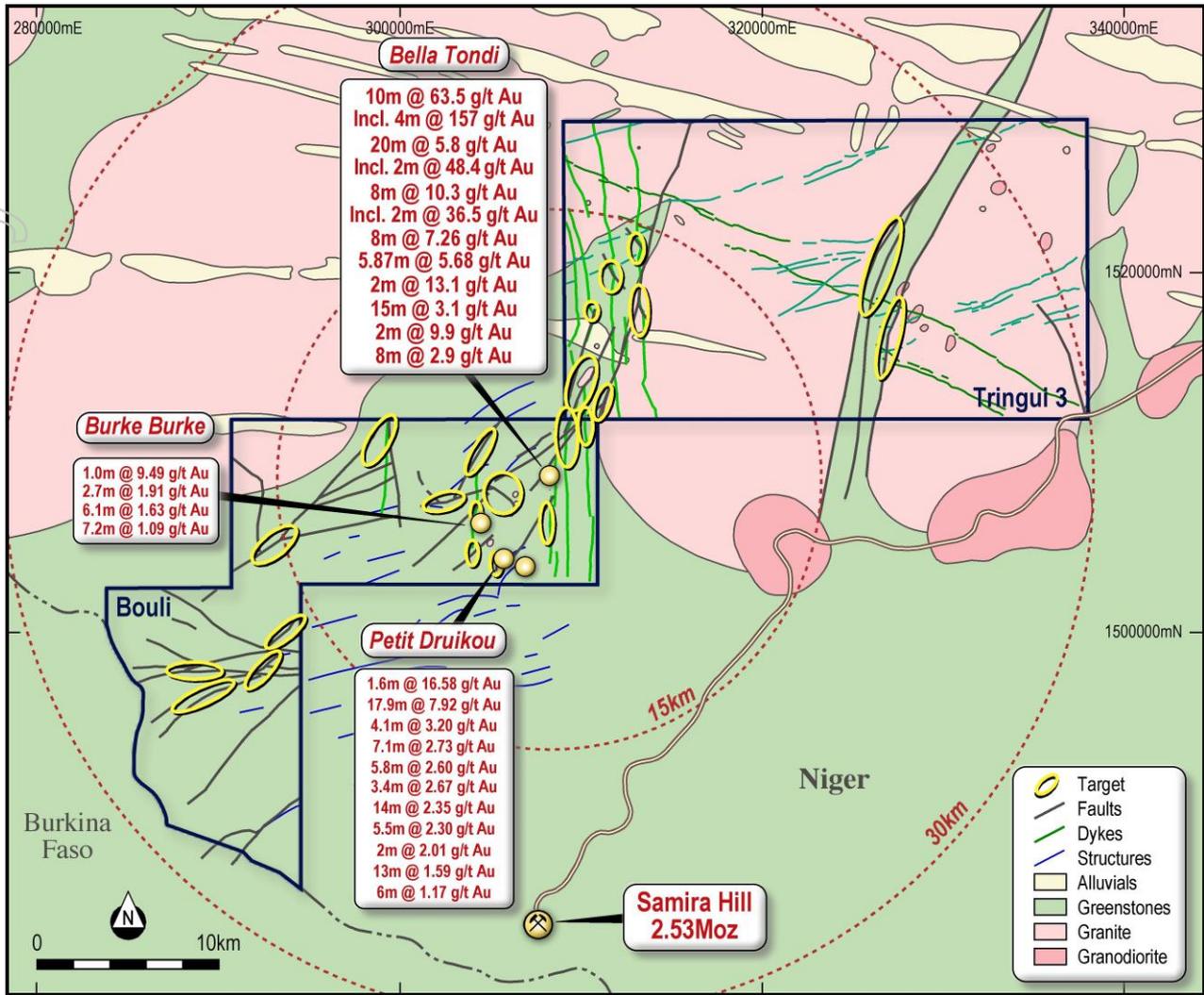
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Figure 2 Bella Tondi prospect, Niger



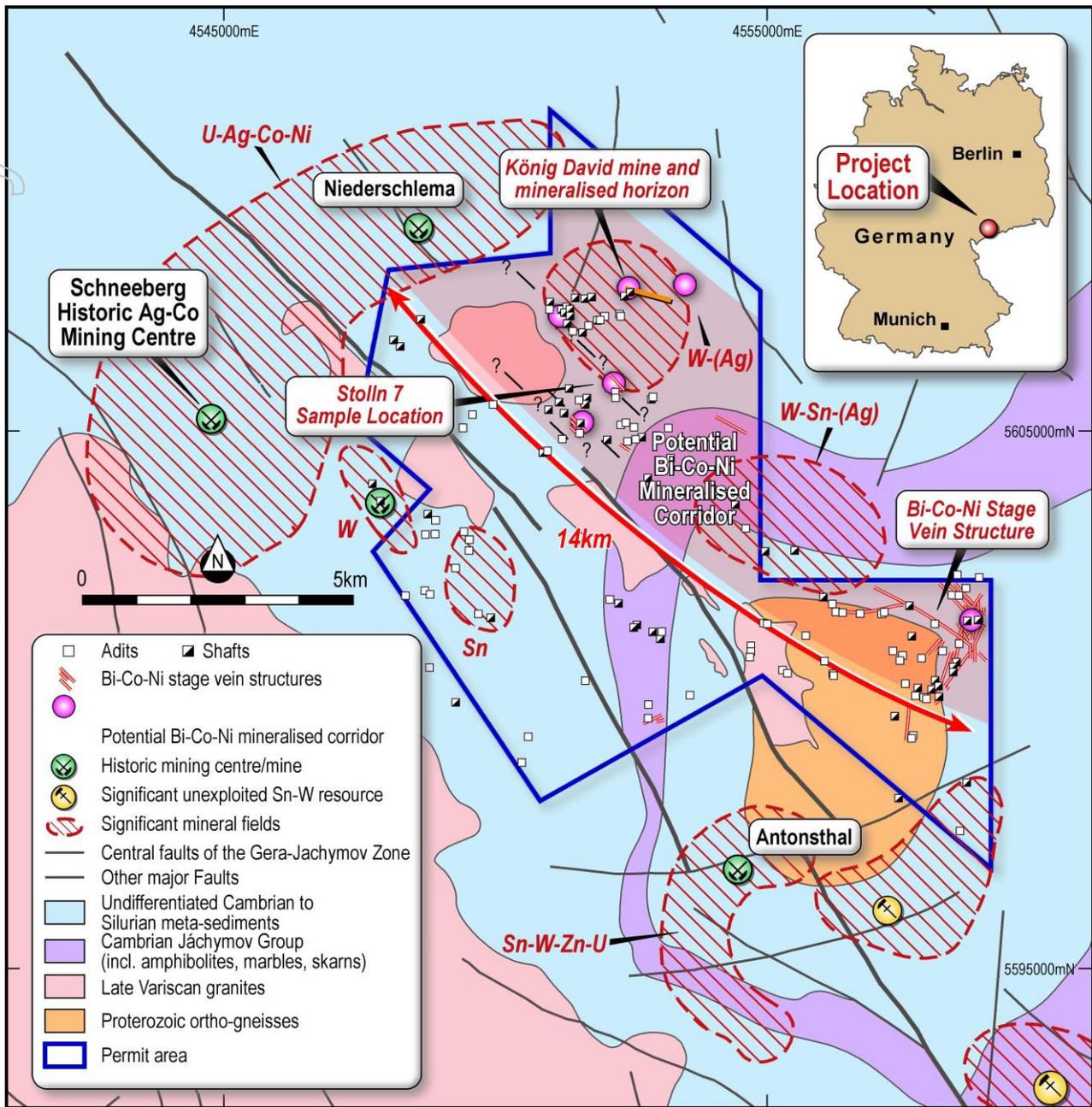
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Figure 3 Niger project area showing targets identified by airborne geophysical survey



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Figure 4 Aue Project, Germany



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ABOUT VITAL METALS

Vital Metals Limited (ASX:VML) is an explorer and developer holding a portfolio of technology metals, gold and base metals. Our projects range from shovel ready development to advanced exploration across a range of jurisdictions in Australia, West Africa and 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.

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.

Watershed Tungsten Project – Queensland

Vital Metals agreed to sell the Watershed Tungsten Project in north Queensland to Tungsten Mining NL for \$15 million cash (ASX announcement 2 May 2018). Following completion of due diligence and preparation of formal transaction documents, the parties have executed a formal Sale Agreement with completion anticipated to occur on 9 August 2018.

Vital Metals Limited

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Board & Management

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

1,743 million shares

261 million unlisted options

Appendix A - Schedule of Tenements as at 30 June 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%	0%	100%
	EPM 19809	100%	100%	0%	100%
	EPM 25102	100%	100%	0%	100%
	EPM 25139	100%	100%	0%	100%
	EPM 25940	100%	100%	0%	100%
	ML 20535	100%	100%	0%	100%
	ML 20536	100%	100%	0%	100%
	ML 20537	100%	100%	0%	100%
	ML 20538	100%	100%	0%	100%
	ML 20566	100%	100%	0%	100%
	ML 20567	100%	100%	0%	100%
	ML 20576	100%	100%	100%	0%

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