

Vital Metals LimitedASX Code: **VML**

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

346.7 million shares

95.2 million unlisted
options**Board &
Management**David 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 RAISES \$800,000 TO ACCELERATE
GOLD EXPLORATION IN BURKINA FASO****Key Points:**

- Vital raises ~\$800,000 (before costs) through a successful share placement at 1.1c to professional and sophisticated investors.
- Raising underpinned by mining services group Ausdrill Limited (ASX: ASL) via a cornerstone investment of \$500,000.
- Ausdrill granted preferred drilling contractor status for completion of all further exploration drilling services for the Kollo Gold project.
- Proceeds will enable Vital to fast-track drilling at the Kollo gold deposit in Burkina Faso, which has recently been identified as a potential near-term production opportunity.
- Drilling to focus on extending high-grade, near-surface mineralisation along the Kollo trend where previous drilling returned intersections of up to 60.36 g/t Au.
- Alliance with Ausdrill provides Vital with access to modern, reliable drill rigs and skilled crews to progress exploration.

Vital Metals Limited (ASX: VML) is pleased to advise that it has successfully raised \$800,000 (before costs) via a share placement to fast-track gold exploration and pre-development activities at its high-grade Kollo Gold Project in Burkina Faso, West Africa.

The share placement, comprising 72,718,064 shares at an issue price of 1.1 cents per share, is being undertaken to sophisticated and professional investors. The placement is within the Company's existing placement capacity in accordance with Listing Rules 7.1 and 7.1A. The issue price represents a discount of 10% to the 60-day VWAP of Vital shares on the ASX prior to the trading halt of 9 May 2016.

Ausdrill, through its subsidiary, African Mining Services (AMS) has been granted preferred drilling contractor status for the Kollo Gold project exploration programme. Ausdrill has extensive experience operating in West Africa and will provide Vital with access to modern, reliable drill rigs, skilled crews and high quality logistical support services.

Kollo is located on a fertile gold belt in an area, attracting attention with recent exploration success and corporate consolidation activity. Kollo is located approximately 50km to the east of the producing Youga mine, which was purchased in February 2016 for US\$25 million by MNG Gold. MNG also recently completed the purchase of the high-grade Balogo project, located to the east of Kollo.

Use of Funds

The proceeds of the share placement will be used for the following purposes:

- To undertake in-fill drilling and extensional drilling along the Kollo trend to test for extensions of the known mineralisation;
- To fund a Scoping Study on the potential development options at Kollo. This Study, which will consider mining, processing methods, infrastructure, waste management and environmental approvals, is targeted for completion by the end of August 2016; and
- For general working capital purposes.

About Ausdrill

Ausdrill is a leading ASX-listed mining services group with extensive experience operating in West Africa, and the capability to provide a full range of services to the Kollo Gold Project as the project advances towards development.

Ausdrill's subsidiary, African Mining Services, has been operating in Africa for 26 years and has detailed knowledge of the mining and exploration industry in the region, with a head office based in Accra, Ghana and regional underground and open pit offices in Ougadougou, the capital of Burkina Faso.

African Mining Services provides a full suite of contract mining services in six key African countries, including exploration drilling and drilling sample preparation and processing.

Through its other subsidiaries, Ausdrill has the capability to meet all of the Company's future drilling and surface mining needs, as well as underground mining services and design and EPCM capability for processing plants, sample laboratories, procurement and logistics support and explosives supply.

Management Comment

Vital's Managing Director, Mr Mark Strizek, said the Company was very pleased to have secured Ausdrill as a cornerstone investor as it moved to fast track the exploration and evaluation of the Kollo gold project.

"This represents a significant vote of confidence in our strategy to pursue gold exploration in Burkina Faso as a near-term strategy to unlock value for our shareholders," he said. "Exploration at Kollo has to date been focused on high-grade, near-surface gold mineralisation which appears to be amenable to open pit mining, opening up the potential for an attractive source of near-term cash-flow."

"The proceeds of this placement will be used to test the extents of gold mineralisation along the Kollo trend," he continued.

"The alliance with Ausdrill established through this investment gives us access to an accomplished West African mining services group with the capability to support us through all phases of this project as we advance towards development. We look forward to the start of drilling and will provide details in a subsequent update.

ENDS

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

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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 undertaking 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

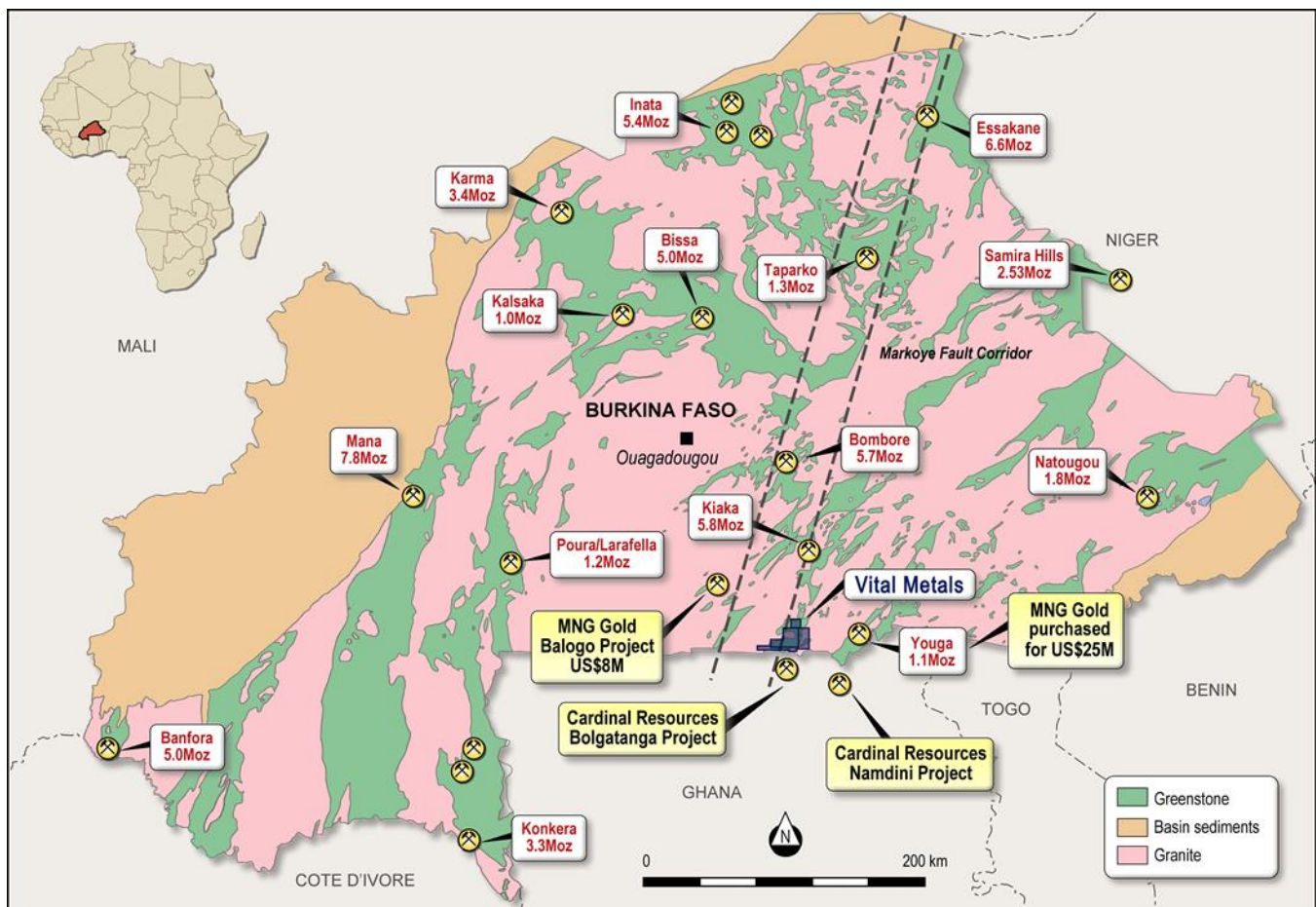
Certain written statements contained or incorporated by reference in this report, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking 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 presentation 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 three highly prospective mineral Projects: the advanced Watershed Tungsten Project in far north Queensland, Australia, the 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 over 400 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 Boungou South Gold Prospect.

