

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Vital Metals Limited (ASX: VML) (**Vital** or the **Company**) is pleased to report on its activities during the December 2018 Quarter.

HIGHLIGHTS

EXPLORATION

Nahouri Gold Project, Burkina Faso

- Vanadium-titanium-magnetite exploration target defined at the Tiebele prospect.

Aue Cobalt Project, Germany

- Soil and rock chip sampling identified significant geochemical anomalies for Bi, Ag, Pb and As in historic mining areas.

Nahouri Gold Project, Burkina Faso

The Nahouri Gold Project sits within the Markoye Structural Corridor in Burkina Faso, 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, Burkina Faso).

During the quarter, Vital advised it had identified a vanadium-titanium-magnetite (VTM) exploration target at Tiebele, part of its Nahouri project in Burkina Faso.

Vital's review of historic, wide-spaced soil geochemistry data identified a NE-SW striking elongated vanadium anomaly (max 915ppm V - 0.16% V₂O₅) on the Nahouri permit, southeast of Tiebele. Vital's exploration geologist overlaid the high resolution aeromagnetic data and confirmed that geochemical anomaly coincided with a very pronounced magnetic anomaly.

The elongated shape of the magnetic anomaly and the combination of elevated vanadium with elevated titanium and magnetite concentration suggested that it may be caused by a V-Ti-magnetite body (VTM), similar to most significant V-Ti resources around the world.

During May 2018, Vital's exploration team conducted a soil sampling program to test the V-Ti target, with three soil samples placed directly on the magnetic anomaly between historic samples. Two of the three confirmed the anomaly, with 1,075ppm and 528ppm V (0.19 and 0.09% V₂O₅), respectively. These samples also showed high concentrations of Ti and Fe. The third sample did only show background values but may have sampled transported cover material instead of residual soil.

Regional auger coverage of the anomaly is poor, with only one line crossing the anomaly. However, one of the auger samples close to a soil sample site reported an identical value for vanadium and titanium using Vital's portable XRF. This can be regarded as an independent confirmation for the ICP-AES soil assay.

Vital's exploration team believes that historic mapping in the area is not accurate and does not reflect the underlying geophysics and geochemistry. Taking into account all available information to date, the anomalous rock body appears to be at the interface between ultramafic rocks to the west and mafic units to the east.

Exploration target

High resolution aeromagnetic data shows a pronounced magnetic anomaly and Vital has interpreted an anomalous body using the following parameters:

- Targeted style of mineralisation is a Vanadium-Titanium-Magnetite body (VTM), similar to projects in the Yilgarn craton (e.g. Canegrass or Windmurra).
- Strike length of between 1,500m to 1,900m
- Width of 50m to 150m
- Downdip extension of 150m (the shape of the magnetic anomaly suggests a NW dip)
- Volume between 7.5M to 42.75Mm³
- Tonnage between 22.5Mt to 171Mt (using a density range of 3t to 4t/m³)
- Grade range of 0.2% to 0.5% V₂O₅
- Exploration target of contained 45k to 855kt V₂O₅

Cautionary statement: *The potential quantity and grade of the Exploration Target reported above is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

All soil samples to date including historical samples have been analysed by ICP-AES following 4acid (near total) digestion.

Bouli Gold Project, Niger

During the quarter, Vital advised it had withdrawn from an earn-in agreement with private Turkish company SUMMA over the Bouli Gold Project in Niger, West Africa. A review by the Vital Board considered various factors relating to the project including the geopolitical situation in Niger. Vital has no further expenditure requirements under the agreement.

Aue Cobalt Project, Germany

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

During the September quarter the Company received sample assays (returning 1.3% Ni, 0.8% Co, 0.3% Bi) from the Q2 2018 soil geochemistry program and commenced a second sampling program. Soil sample assays received identified strong geochemical anomalies for bismuth (up to 0.29%) associated with Bi-Co-Ni mineralisation near Waschleithe and Bockau in historic mining areas.

CORPORATE

Vital is holding over \$13 million in cash and is constantly reviewing projects for potential acquisition in a climate of depressed valuations for resources assets.

Board Update

Subsequent to the quarter, Vital announced the appointment of Mr Phillip Coulson as Non-Executive Director. Phil has over 18 years corporate advisory experience, having held senior advisory positions at Montagu Stockbrokers and Patersons Securities Limited. He has promoted and advised numerous companies in the identification and acquisition of technology and resource projects. Currently a private investor and corporate consultant, he holds debt and equity positions in a number of public and private companies.

In addition the Company advised that Mr Mark Strizek had left the Company effective 24 January 2019 and had resigned as a Director of the Company. The Board thanks Mark for his significant contribution and wishes him all the very best in future endeavours.

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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 consultant 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.

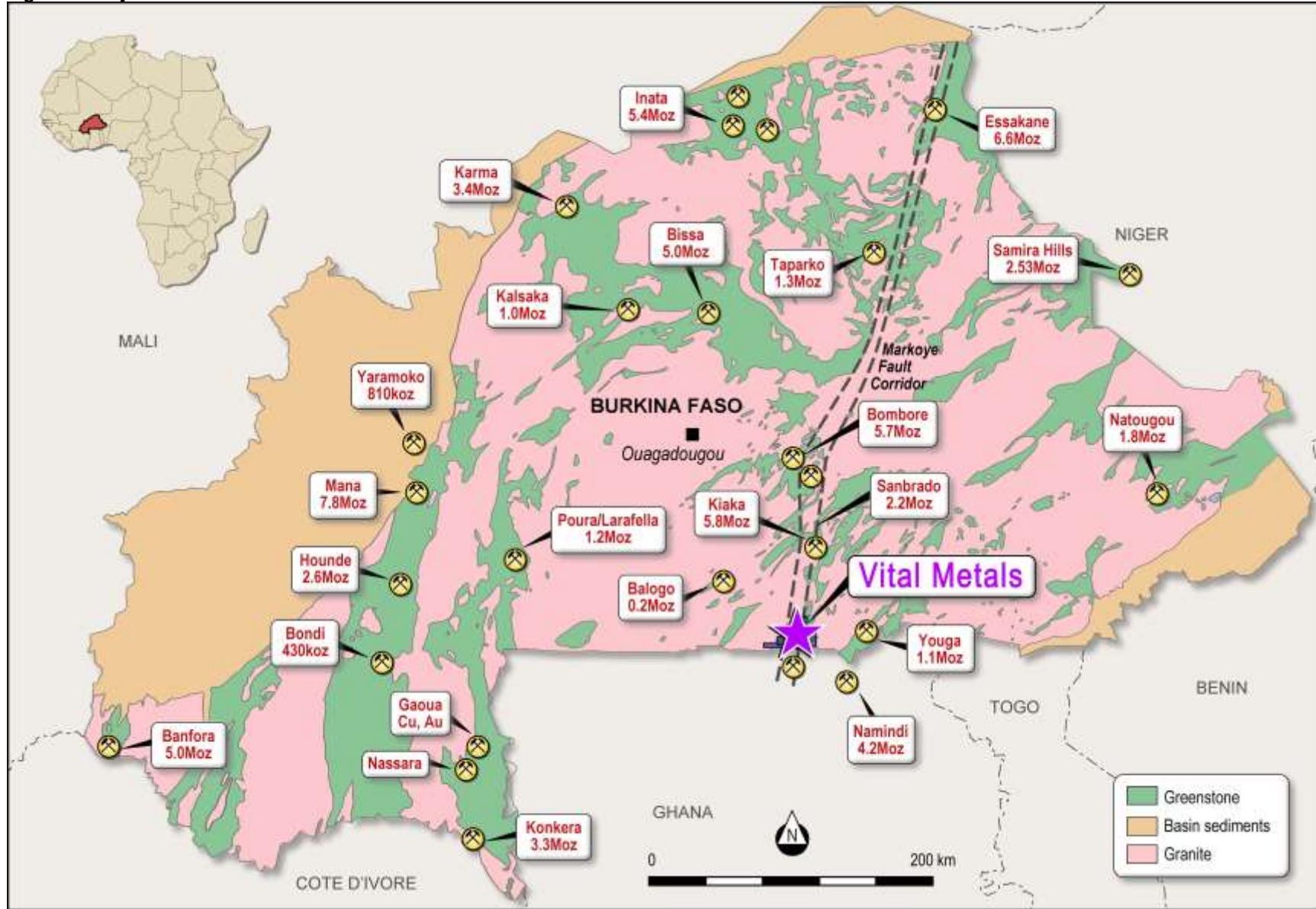
Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of tungsten, gold or other metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery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

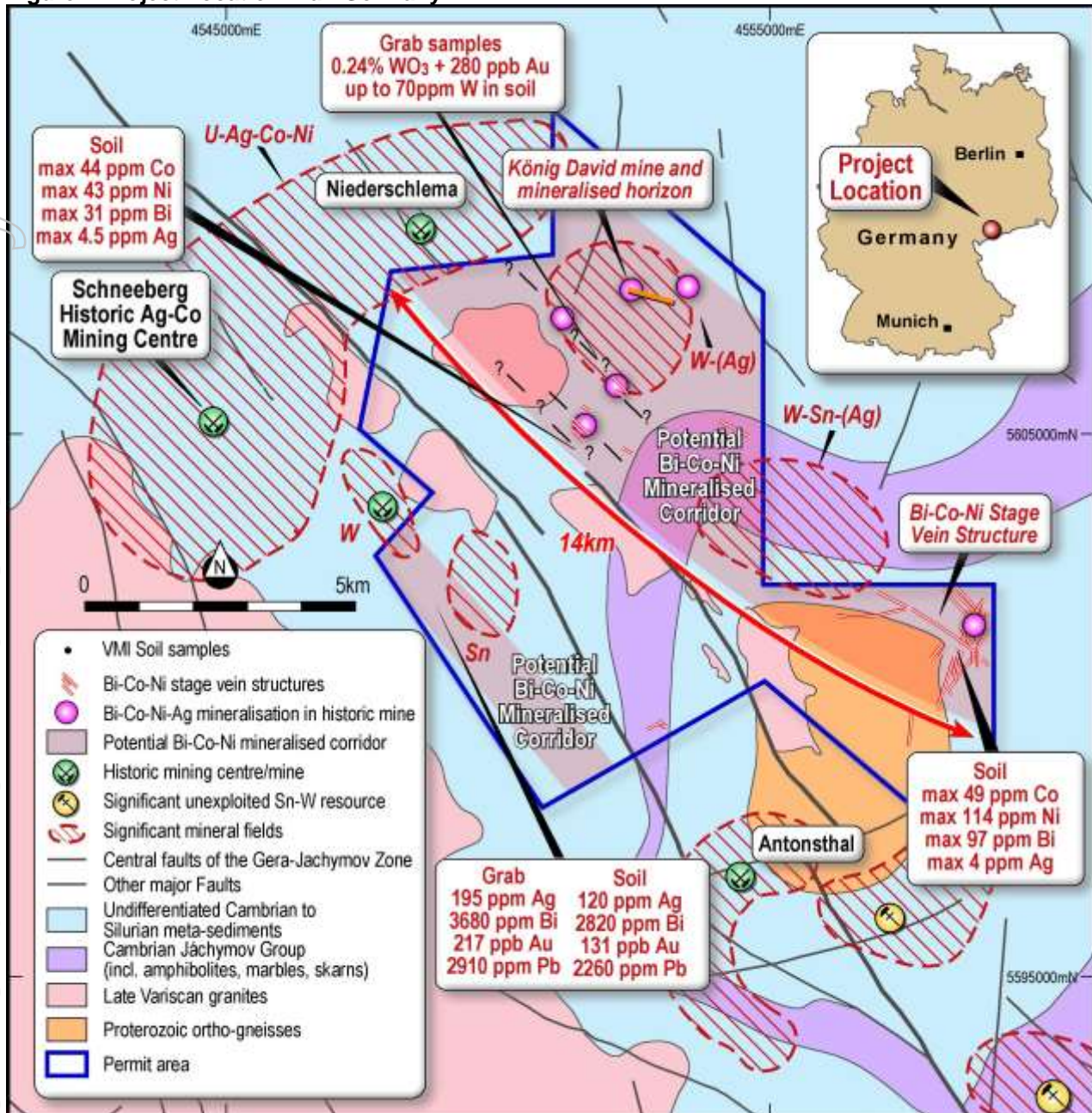
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Figure 1: Project Location Plan Burkina Faso



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Figure 2 Project Location Plan Germany



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ABOUT VITAL METALS

Vital Metals Limited (ASX:VML) is an explorer and developer holding a portfolio of gold, technology metals and base metals. Our projects are located across a range of jurisdictions in West Africa and Germany.

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 1940s and 1980s showed high prospectivity of the Aue permit area for cobalt, tungsten, tin, uranium and silver mineralisation.

Vital Metals Limited

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Board & Management

Francis Harper
Chairman

Phillip Coulson
Non-Executive Director

Peter Cordin
Non-Executive Director

Matthew Foy
Company Secretary

Capital Structure

1.7 billion shares

163 million unlisted options

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Appendix A - Schedule of Tenements as at 31 December 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%

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