

## **VITAL RAISES \$5 MILLION TO ACCELERATE GOLD EXPLORATION IN BURKINA FASO, WEST AFRICA**

- **Vital raises \$5M (before costs) through a heavily oversubscribed share placement at 1.25c per share to professional and sophisticated investors.**
- **Proceeds will enable Vital to significantly ramp up exploration by committing to a 12,500 metre drilling program in Burkina Faso targeting:**
  - **Infill and extensions of the high-grade, near-surface mineralisation along the +4km Kollo trend, and**
  - **Newly identified gold mineralisation within over 40km of largely untested structural corridors.**
- **Agreement with Macquarie Bank Limited to substantially reduce its loan and extend term of loan facility:**
  - **Vital will repay Macquarie Bank \$1M**
  - **Macquarie Bank will convert \$0.6M of debt to equity at 1.25c per share**
  - **Balance of \$1.4M debt to be repaid by 31 December 2018.**
- **Vital retains 100% of its low cost shovel-ready Watershed tungsten project in North Queensland in an environment of tungsten prices rising from decade lows.**
- **Shares to be issued in two tranches and an Extraordinary General Meeting (EGM) will be held to approve the issue of Tranche 2 shares, and to ratify previous placement issues of shares.**

Vital Metals Limited (ASX: VML), is pleased to advise that it has successfully raised \$5M through a heavily oversubscribed share placement to aggressively expand gold exploration activities on its three 100% owned exploration permits in Burkina Faso in West Africa.

This transformational raise provides the necessary funding to support an aggressive drilling program targeting 12,500 metres of predominantly RC drilling in Burkina Faso. The ability of the company to focus on creating value from exploration has been further improved with the restructure of the Macquarie Bank facility which sees the debt reduced to \$1.4M and repayment pushed out to 31 December 2018.

Argonaut and Blackwood Capital acted as joint lead managers for the placement which will issue 400M New Shares to raise \$5.0M. The New Shares issued under the Placement will be issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A, with the remainder requiring shareholder approval.

In addition, Macquarie Bank Limited will be converting \$0.6M in debt to 48M New Shares over and above the Placement. Mr David Macoboy also intends to subscribe for \$100,000 of shares on the same terms as the Placement. This is also above the \$5 million being raised.

Vital's Managing Director, Mr Mark Strizek, said the capital raising will support the Company's stated intention to ramp up its exploration campaign in West Africa in 2017. "We have a bank of high grade gold targets to drill test on the Kollo trend and we are now fully financed for continuous drilling on multiple targets well into 2018."

Mark Strizek continued "From here the Company intends to substantially expand the previously limited auger drilling campaign to delineate further gold mineralisation structures providing a series of drill ready targets. As each set of results comes through, the potential of Vital's permits continues to grow. We are delighted that Ausdrill is again supporting the Company by participating in the Placement and will be undertaking the drilling program.

### **Placement**

The Placement will comprise two tranches: an initial tranche of 140 million shares (to raise \$1.75 million, before costs); and a second tranche of 260 million shares (to raise \$3.25 million, before costs).

The details of the Placement are:

- Tranche 1 – 140 million shares to be issued on receipt of funds
- Tranche 2 – 260 million shares to be issued on receipt of funds following shareholder approval

### **Extraordinary General Meeting (EGM)**

As noted above, the approval of shareholders in an EGM will be required for the issue of the Tranche 2 shares. Whilst the 140 million shares for Tranche 1 will be issued out of Vital's existing equity placement issue capacity, it will exhaust the remaining available placement capacity.

Vital will therefore hold an EGM in April 2017 to consider the following items:

- Ratification of the issue of the 140 million Tranche 1 shares;
- Approval of the issue of the 260 million Tranche 2 shares;
- Approval of the issue of options to Argonaut and Blackwood Capital<sup>1</sup>;
- Approval of the issue of shares and options<sup>2</sup> to Macquarie Bank; and
- Approval for Mr Macoboy to subscribe for \$100,000 of shares.

Shareholder approval will be sought at the EGM for all share and option issues. Details of the EGM venue and time will be provided shortly.

**ENDS**

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<sup>1</sup> Argonaut and Blackwood Capital are each to receive 25M options exercisable at 2 cents and expiring 4 years from issue.

<sup>2</sup> Macquarie is to receive 86,153,846 options exercisable at 1.625 cents and expiring 31 December 2018 which may be exercised by Macquarie in lieu of the debt repayment.

**Contact:**

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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](http://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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## ABOUT VITAL METALS

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

### 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 400 sq. km of contiguous tenements lying on the trend of the Markoye Fault Corridor and hosting the Kollo Gold Project and Boungou South Gold Prospect.

### Watershed Tungsten Project – Queensland

The Watershed scheelite (calcium tungstate) Project, is located in far north Queensland, 150 kilometres north-west of Cairns. 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.

#### 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

Ian Hobson  
Company Secretary

#### Capital Structure

595.7 million shares

91.9 million unlisted options

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