

VITAL APPOINTS FINANCING ADVISOR FOR WATERSHED TUNGSTEN PROJECT IN QUEENSLAND

HIGHLIGHTS

- **Provisio Corporate appointed to co-ordinate and lead process to arrange non-equity funding for the Watershed Tungsten Project in Queensland**
- **Discussions ongoing with potential offtake parties**

Vital Metals Limited (ASX: VML) is pleased to advise it has appointed Provisio Corporate to co-ordinate and lead the process to arrange non-equity funding for the Watershed Tungsten Project in Queensland (see about Provisio Corporate).

Vital's Managing Director Mr Mark Strizek said:

"The appointment of Provisio Corporate represents an important step in realising value for our Shareholders from Watershed. Provisio Corporate will manage a coordinated process to secure the non-equity finance portion of development costs associated with Watershed."

Provisio Corporate will provide Vital with a tailored solution appropriate to the needs of Watershed for non-equity funding and mitigation of market risk; and facilitate the negotiation, documentation and, ultimately, execution of a finance package.

Arranging a suitable concentrate offtake agreement will be a prerequisite of non-equity financiers as they will require that the majority of production be sold to a reputable buyer with suitable credit risk. Vital is currently in discussions with potential offtake parties and this is running in parallel with the funding process.

It is anticipated that the equity part of the development cost will be negotiated in due course once the key debt and offtake preconditions are met.

Watershed is located in a Tier-1 jurisdiction where costs are internationally competitive with highly skilled workers and at current price and exchange rates delivers attractive economics. Importantly for financial institutions and investors, Watershed is fully permitted with all landowner and Indigenous agreements in place.

The appointment of Provisio Corporate is part of Vital's strategy to de risk the project and brings it closer to realisation as Watershed, arguably, represents the most attractive tungsten development project in Australia.

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About Provisio Corporate

Provisio Corporate's treasury and banking trained professionals provide independent advice to companies requiring debt funding, market risk management strategies and strategic advice. Provisio arrange bank debt facilities, bonds, subordinated debt, cost overrun facilities, environmental bonds and quasi-debt instruments such as convertible bonds, subordinated off-take agreements and mining fleet financing. Provisio Corporate have helped mining companies obtain non-equity financing for gold, gold & copper, lithium and industrial mineral projects in Australia and overseas.

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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 or 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. 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.

Cautionary Statement

The Definitive Feasibility Study (DFS) referred to in this report is based on a Proved and Probable Ore Reserve derived from a Measured and Indicated Mineral Resource, plus a small proportion of mining inventory, which comprises material that is currently classified as Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Company advises that the Proved and Probable Ore Reserve provides 93% of the total tonnage and 93% of the total WO3 metal underpinning the forecast production target and financial projections, and that the additional life of mine plan material comprises less than 7% of the total tonnage and WO3 metal. Furthermore, in the first five years of production, 95% of the material planned to be processed is based on Proved and Probable Ore Reserves.

As such, the dependence of the outcomes of the DFS and the guidance provided in this announcement on the lower confidence Inferred Mineral Resource material contained in the life of mine plan is minimal. The Company has concluded that it has a reasonable basis for providing the forward looking statements included in this announcement.

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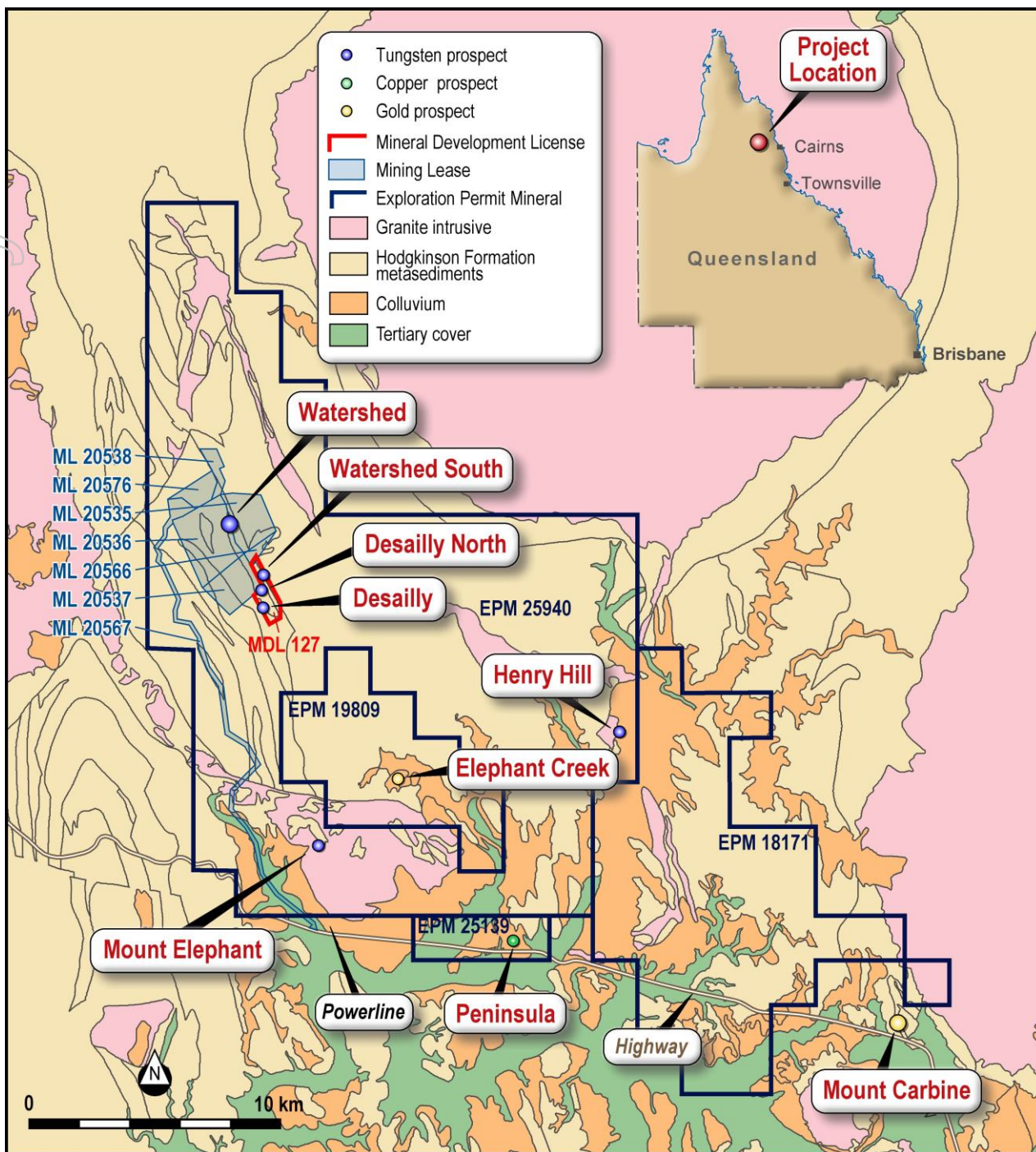


Figure 1: Vital Metals North Queensland Permits

ABOUT VITAL METALS

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

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 development-ready having a completed Definitive Feasibility Study (DFS), is fully permitted and has all landowner and Indigenous agreements in place.

Doulia Gold Project – Burkina Faso

The Doulia Gold Project (100% Vital) is located in southern Burkina Faso. The Project is made up of three contiguous permits; the Doulia, 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 Bouli Gold Project and Boungou South Gold Prospect.

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

Francis Harper
Non-Executive Director

Ian Hobson
Company Secretary

Capital Structure

1,320 million shares

187 million unlisted options