

Flash Note – Vital Metals (ASX: VML)

Drilling to Commence at Kollo Gold Project

- *2,000m RC program about to commence at the exciting Kollo gold project in Burkina Faso*
- *Testing infill and extension targets around previous high grade intercepts*
- *Gold sector surging on the back of near record Australian dollar pricing*

July 19, 2016

EVENT

- Drilling is set to recommence at Vital Metals Limited's (ASX: VML) exciting Kollo Gold Project in Burkina Faso.
 - Planned 20 hole, 2,000m reverse circulation (RC) drilling program will commence this month
 - Testing of infill and extensional targets around existing high-grade intercepts
 - Targets are shallow and potentially exploitable by open cut mining
 - Program expected to last around three weeks, with initial assay results available around end of August
- Past RC drilling results have been highly encouraging, including:
 - 5m at 60.36g/t gold from 75m
 - 18m at 2.95g/t gold from 37m
 - 4m at 18.71 g/t gold from 76m
 - 15m at 17.78g/t gold from 105m
- Drilling of the Kollo Shear Corridor has demonstrated that gold mineralisation is variably developed over a strike of at least 4km.
 - A combination of geophysical interpretation and shallow auger drilling is being utilised to identify potential mineralised extensions in low lying areas masked by transported soil cover
 - Recent auger drilling has extended the potential strike of the prospective shear corridor to at least 6km
 - Interpretation of airborne magnetic data indicates strong potential for further strike extensions

COMPANY BACKGROUND

Vital Metals Limited (ASX: VML) is an explorer and developer that is actively advancing three highly prospective projects:

- the advanced Watershed Tungsten Project in far north Queensland, Australia, where a Definitive Feasibility Study has defined a robust development opportunity,
- the Aue Tungsten Project in Saxony, Germany located in a renowned mineral district, and
- the Doulnia Gold Project in southern Burkina Faso, West Africa, which includes the Kollo Gold Project.

BREAKAWAY COMMENTS

Vital Metal's ramping up of its gold activities is timely. The gold sector has been reinvigorated in 2016 on the back of a surge in metal pricing – largely reflecting highly stimulatory global monetary policies and political instability. In Australian dollar terms the gold price is now trading at near record levels, and gold's recent appreciation is adding life to a junior resource sector that was resuscitated in 2015 following strong moves in lithium and graphite.

The 100% owned Kollo Gold Project represents an exciting opportunity for Vital Metals in a fertile gold belt. It lies in highly prospective Birimian Greenstone terrain with over 400 sq km of contiguous tenements lying on the trend of the prospective Markoye Fault Corridor and the Bole Shear Zone.

The district attracting growing attention due to recent exploration success and corporate consolidation activity. It is located some 50km to the east of the producing Youga mine, which was purchased in February 2016 for US\$25 million by Turkish company MNG Gold – and MNG also recently completed the purchase of the high-grade Balogo project, located to the east of Kollo. To the north, on the Markoye Fault Corridor, West African Resources' (ASX: WAF) Tanlouka Gold Project has achieved strong results (e.g. 32m at 5.02g/t gold from 2m and 8m at 31.78g/t gold from 58m), while to the south is Cardinal Resources' (ASX: CDV) Bolgatanga Project and Namdini Project in Ghana. Bolgatanga has returned broad mineralised intercepts such as 43m at 1.55g/t gold and 51m at 1.02g/t gold.

Gold mineralisation at Kollo predominantly occurs in structural settings parallel to the northeast trending Kollo Shear Structure. The gold is free milling and occurs as fine-grained native gold within quartz veins, micro shears and vein pyrite. The mineralisation is associated with intensive shearing and quartz veining within sheared felsic volcanics.

Past drilling has demonstrated that the gold mineralisation is variably developed over a strike of at least 4km – and recent activities, including shallow auger drilling and interpretation of airborne geophysical data, have identified potential extensions to the system. The prospective strike of the target Kollo Shear Corridor is now at least 6km – and ongoing refinement of the understanding of the mineralisation signatures in the district, particularly in lower lying areas to the north-east and south-west along strike of the existing mineralisation, is expected to generate further targets.

Breakaway continues to rate VML as a Speculative Buy.

Company Information

ASX Code	VML
Share Price	A\$0.016
MCAP	A\$8.4m
Cash and liquid assets	A\$1.7m (est)
Debt	A\$3.0m
EV	A\$9.7m

<http://www.breakawayresearch.com>

Analyst Verification

I, Grant Craighead, as the Research Analyst, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Vital Metals Limited and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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