

Flash Note – Vital Metals (ASX: VML)

Drilling Recommences at Kollo Gold Project, Burkina Faso

- *Drilling has recommenced at the exciting Kollo Gold Project following the end of the wet season*
- *Strong results from the last round of drilling reaffirm the excellent potential of the Project*
- *Recent exploration successes in the region are providing outstanding returns for investors*

December 7, 2016

EVENT

- Vital Metals Limited (ASX: VML) has recommenced drilling at the exciting Kollo Project in southern Burkina Faso – where it holds 400km² of contiguous tenements in highly prospective Birimian Greenstone terrain lying on the trend of the Markoye Fault Corridor. Exploration at the Kollo Project by Vital has already demonstrated that gold mineralisation is variably developed over a strike of around 6km.
- The current program will include in-fill and extensional drilling at the Kollo deposit, both along strike and at depth, as well as further assessment of regional prospects within the broader tenements where interpretation of geochemical and geophysical data has generated numerous high quality drill targets.
- Recent results from Kollo, from drilling completed in the lead up to the wet season, continue to be highly encouraging e.g.
 - 3.0m at 56 g/t gold from 134m
 - 3.5m at 9.11 g/t gold from 88m
 - 3.0m at 7.42 g/t gold from 41m
 - 2.0m at 11.6 g/t gold from 65m
 - 2.0m at 7.05 g/t gold from 48m
- The target Markoye Fault Corridor already hosts several multi-million ounce gold deposits, including two recent major gold discoveries (see location plan):
 - Cardinal Resources' (ASX: CDV) Bolgatanga and Namdini Projects in northern Ghana lie immediately south of Vital's tenements, and last month Cardinal announced a maiden resource of ~4Moz for Namdini.
 - West African Resources' (ASX: WAF) Tanlouka Project lies to the north along the Markoye Fault Corridor. Recent outstanding drill results (such as 9m at 93.55 g/t gold from 183m; 11m at 7.43 g/t gold from 279m and 7m at 6.92 g/t gold from 293m) suggest the current +1Moz resource will be significantly increased in a resource update expected to be released shortly.

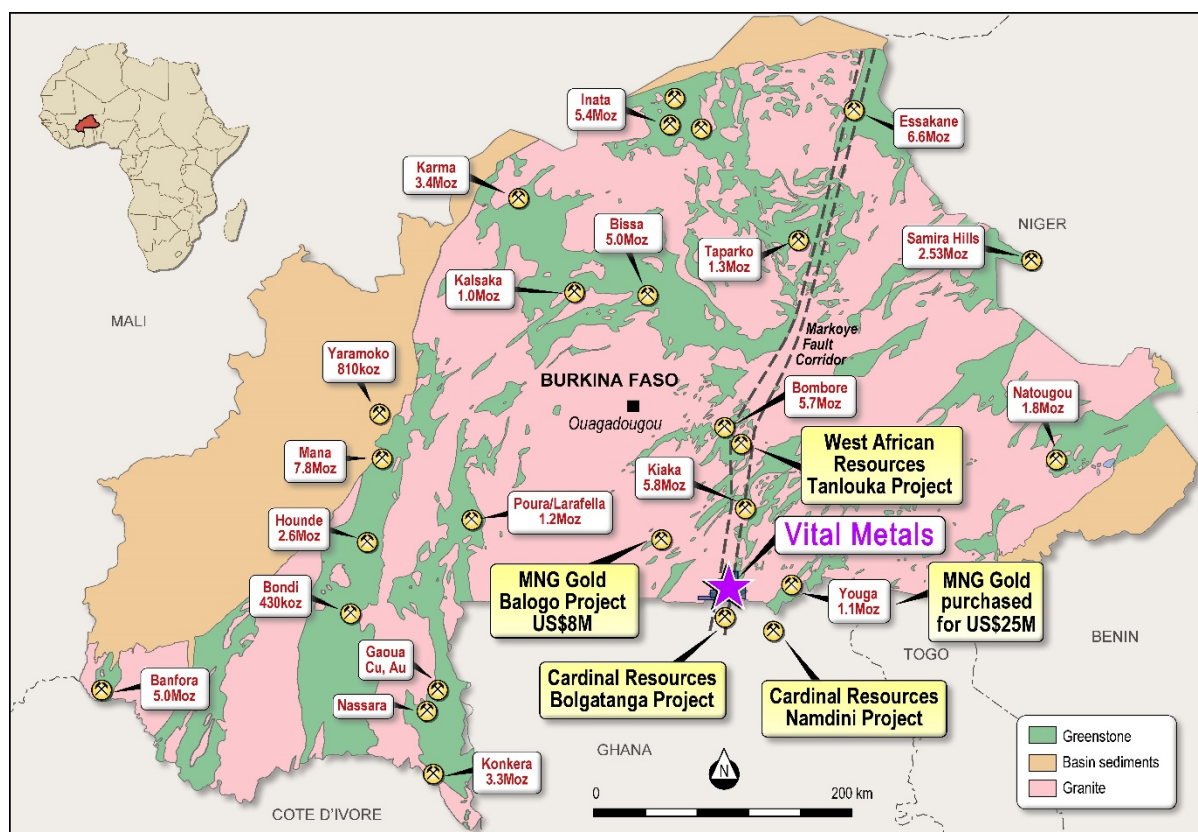


Figure 1 Location Plan, Burkina Faso Gold Projects (source Company)

BREAKAWAY COMMENTS

Vital Metals has resumed its Burkina Faso gold exploration activities following the end of the wet season, against a backdrop of rising investor interest in West African gold explorers.

The Company holds a 100% interest in 400km² of contiguous tenements in a fertile gold belt, covering highly prospective Birimian Greenstone terrain and the trend of the prospective Markoye Fault Corridor.

Vital Metals' focus to date has been on the Kollo Project where highly encouraging drill results continue to be achieved – however Kollo only covers a small proportion of the ~40km of potentially mineralised structures that have been interpreted by the Company.

Gold mineralisation at Kollo predominantly occurs 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 volcanoclastics.

Within the broader region, investor interest is also being stimulated by the excellent progress being achieved by Cardinal Resources and West African Resources that are delineating multi-million ounce deposits. Importantly, the discoveries by these companies are translating into strong market ratings, with Cardinal Resources having a current market capitalisation of around \$100 million and West African Resources around \$135 million.

While Vital Metals' Kollo Project is still at a relatively early stage of assessment compared to Namdini or Tanlouka, the Company currently has a market capitalisation of just \$10 million (and a proportion can be ascribed to the Company's other assets). Accordingly, Vital Metals has considerable upside potential, of at least tenfold, if it can delineate a similar scale resource.

Breakaway continues to rate VML as a Speculative Buy.

COMPANY BACKGROUND

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

- the Doulnia Gold Project in southern Burkina Faso, West Africa, which includes the exciting Kollo Gold Project,
- the Elephant Creek gold prospect in Far North Queensland where initial drill results have been encouraging,
- the Watershed Tungsten Project in far north Queensland, Australia, where a Definitive Feasibility Study has defined a robust development opportunity as tungsten prices return to a sustainable level, and
- the Aue Tungsten Project in Saxony, Germany located in a renowned mineral district.

Company Information

ASX Code	VML
Share Price	A\$0.018
MCAP	A\$10.7m
Cash and liquid assets	A\$1.4m (est)
Debt	A\$3.0m
EV	A\$12.3m

<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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