

Vital to raise \$2.4m to fund West African gold project

Vital Metals Ltd (ASX Code: VML) is pleased to announce that it is seeking to raise up to \$2.4 million through a share placement at 6 cents a share to fund an aggressive gold exploration program at its highly prospective land holding in West Africa.

The capital raising, which will be undertaken by Paterson Securities, represents an approximate 20 per cent discount to Vital's 30-day VWAP of 8.3cents.

The funds will enable Vital to accelerate an extensive geochemical and drilling program at the Doulnia Project in Burkina Faso, where it can earn a stake of up to 80 per cent under a farm-in arrangement with Ampella Mining.

The Doulnia Project is located near the village of Tiebele, about 200km south of the capital Ouagadougou.

Ampella Mining have been operating in Burkina Faso for 4 years and has enjoyed considerable success. Vital's opportunity to farm into the Doulnia/Campala tenements has arisen through Ampella's desire to focus all its exploration on Batie West.

The Doulnia Project comprising the contiguous Doulnia and Campala tenements contain the same highly prospective Birrimian Greenstones which host the gold mineralisation at Ampella's rich Batie West Project in the south-west of the country. Batie West has generated a string of spectacular drilling results, underpinning a rise in Ampella shares from 8 cents to 67 cents over the past year. Ampella has announced that it expects to release a JORC-compliant maiden resource estimate for Batie West this month.

Exploration previously undertaken at Doulnia/Campala by Ampella has included excavation of four trenches which exposed multiple quartz veins in three main zones with widespread indications of gold, including an interval of 10m at 7.87 grams per tonne of gold.

Anomalous gold-in-soil values exceeding 25 ppb gold occur throughout a previously sampled local grid covering 7.5km long by 3km wide. These anomalous zones indicate gold-bearing quartz veins that occur in structural zones which could possibly extend for distances ranging from 400 metres to 3.5km over widths of 50m to 250m.

Gold-bearing quartz vein material has also been exposed in artisanal workings at two localities, Kollo South and Kollo North. Several other targets, indicated by anomalous gold-in-soil values, exist outside the two known prospects and have potential to host significant gold mineralisation.

The Doulnia project area shares many key geological attributes, including its location within a NE trending Birrimian greenstone belt and shear zone, with the Ashanti gold deposits of Ghana and numerous other gold deposits in West Africa.

An operating gold treatment plant is located at Youga about 40 kilometres to the east.

Vital Managing Director Dr Howard Carr said the geological evidence compiled so far, combined with the highly significant exploration success enjoyed by other companies in the region, showed the Doulnia Project was highly prospective for the discovery of bulk tonnage gold deposits.

“This capital raising will enable Vital to complete an extensive exploration program before the wet season starts in May,” Dr Carr said.

“This is expected to drive a steady flow of news to the market, including results and updates, from mid-February until mid-June. By then, we should be in a position to proceed with an aggressive drilling program.”

Vital will also continue to progress its advanced Tungsten projects in Queensland and WA.

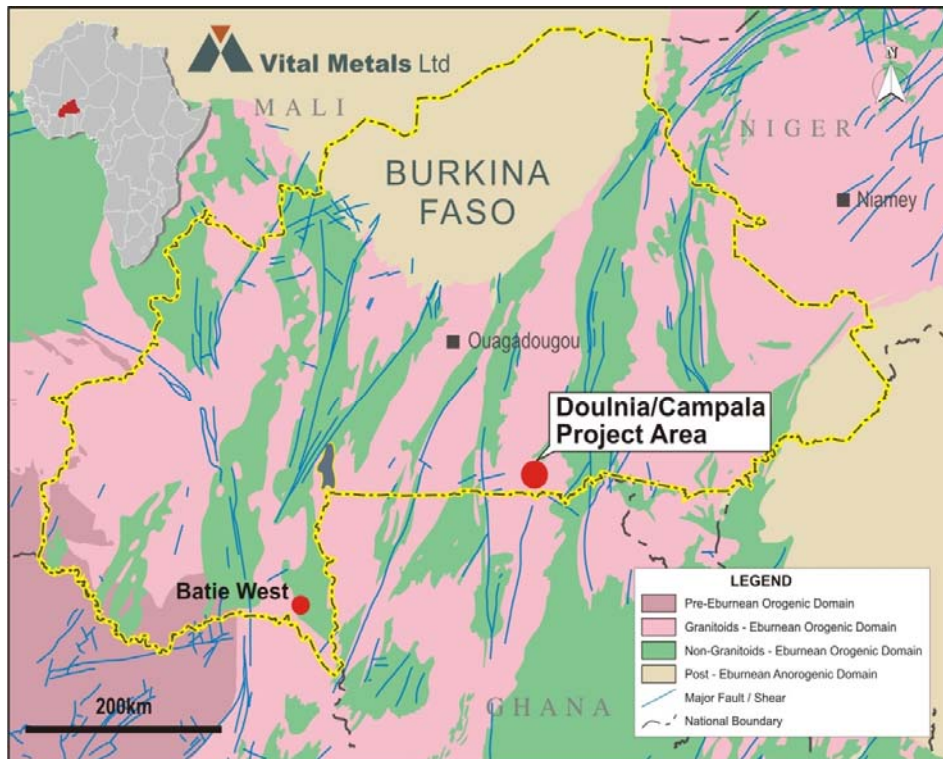


Figure 1 - Doulnia/Campala Project - Location Plan

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Note: "The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Bruce Arthur Pertz, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Pertz is an employee of Vital Metals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pertz consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."