

Vital Metals Prepares Watershed Plan

Vital Metals Ltd (ASX Code: VML) has produced a new development plan in the form of an internal working document, aimed at addressing several of the key impediments to the economic viability of its flagship Watershed Tungsten deposit in North Queensland.

Vital Metals Managing Director, Dr Howard Carr, said that a thorough internal review has been completed of the draft 2008 Pre-Feasibility Study (PFS) of the Watershed deposit, and a recent independent expert assessment of the Tungsten Market. This review identified that whilst Tungsten prices are likely to firm in the medium term, several issues that negatively impact on the economic viability of Watershed do exist.

The preliminary development plan is designed to address these PFS issues (see table below). This plan is currently under evaluation by Vital's board and senior management. Independent experts are likely to be consulted and a detailed budget developed, if the plan passes its initial evaluation.

PFS Issue	Impact	Action
Grade Variability	Low JORC status	Surface bulk sampling
Environment Footprint	Environmental Bond	Low impact mine study
Strip Ratio	High mining cost	Low impact mine study
Access Road	High upgrade cost	Alternative SME quote

Vital will keep the market informed of progress on the evaluation, further development, technical, environmental and economic implications, budget and possible implementation schedule of the new development plan as appropriate.

Concurrently, Vital Metals is advancing its West African Gold Project at Doulnia which was the subject of the company's ASX announcement dated 25 February 2010. The Company will keep the market informed as this Project progresses.

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For further details, refer to the company's website, www.vitalmetals.com.au or contact:

Dr Howard Carr
Chief Executive Officer
Mobile 0404 031 991

Vital Metals Ltd
Level 1, 335 Hay Street, Subiaco WA 6008
PO Box 8243, Subiaco East WA 6008
Telephone: +61 8 9388 7742
Fax: +61 8 9388 0804
Email: vital@vitalmetals.com.au
Website: www.vitalmetals.com.au