

**EXTENSIONS TO THE NORTH AND SOUTH LIMITS OF THE WATERSHED
DEPOSIT**

Vital Metals Ltd (ASX Code: VML) is pleased to announce that recent scout drilling has intersected significant tungsten mineralisation well outside the current boundaries of the known resource at Watershed. The implications of these results are yet to be fully understood.

Mineralised veins outcropping at surface in two target areas, one some 150 metres south-west of the southern limits and another about 300 metres north of the northern boundary, outside of the current limits of the known tungsten resource at Watershed, have been the subject of two small and shallow drilling campaigns during the 2007 dry season.

A total of 25 shallow diamond and reverse circulation drill holes have been drilled to test possible significant extensions to the main deposit, both north and south-west.

Significant tungsten mineralisation has been encountered in the target areas and, although the implications are not yet understood, both will require more drilling during 2008.

The exploration holes in the South-West Extension area, for which results have not previously been reported, are MWD200, 201, 204, 206, 208, 210, 211 and 214.

The holes in the Far North Extension area, for which results have not previously been reported, are MWD212, 213, 216, 218, 220 and 221.

The location details of each hole are provided in Table 1.

South West Extension Area

Best intercepts from the South-West Extension zone were:

- **MWD200** - 2 metres at 0.47% WO₃ from 5 metres down-hole and 4 metres at 0.88% WO₃ from 40 metres.
- **MWD201** - 2 metres at 1.37% WO₃ from 29 metres.
- **MWD204** - 2 metres at 0.40% WO₃ from 70 metres.
- **MWD210** - 3 metres at 0.93% WO₃ from 171 metres.
- **MWD211** - 9 metres at 0.73% WO₃ from 27 metres, 3 metres at 1.49% WO₃ from 56 metres and 5 metres at 0.56% WO₃ from 62 metres.
- **MWD214** - 2 metres at 0.83% WO₃ from 35 metres.

The full results for the mineralised intercepts are shown in Table 2 below. These indicate multiple high-grade but narrow zones of mineralisation are present in this South West Extension area close to surface and are better developed towards the regional hanging wall argillite (shale) contact. Their westerly extent will need to be determined by additional drilling on section line 73675E in the first drilling campaign for 2008.

The drill holes in this area are on 50 by 50 metre spacing and results to date, combined with results of scout RC drill holes, reported in the September 2007 quarterly report, will enable the mineralised material encountered to be considered for inclusion in the revised resource estimate currently in progress. There is a 150 metre gap between this area and the southern limit of the known resource and this gap is earmarked for drill testing in the 2008 campaign.

Far North Extension Area

A total of eight diamond drill holes were drilled in this area, which is situated between 400 and 800 metres north of the northernmost known limits of the Watershed deposit.

Scheelite mineralisation was encountered in six of the eight holes drilled. A total of eight intercepts were recorded (see Table 3 below). The most significant are **4 metres at 0.40% WO₃ from 22 metres down-hole in MWD212 and 4 metres at 0.22% WO₃ from 54 metres in MWD220.**

The geology and mineralisation requires further detailed study prior to any additional drilling but an early conclusion is that the main mineralised host rocks are at a depth of at least 150 metres below surface in this area, because of the northerly plunge on an anti-form structure and the mineralisation located in the drill holes is from minor sporadic quartz veins hosted in less favourable rock units for the development of stronger mineralisation. Deeper drilling is required.

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

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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."

Table 1 – Details of Drill Holes

Hole Number	Co-ordinates (Local Grid)		Azimuth (Magnetic)	Declination (degrees)	Total Depth (Metres)
	South	North			
MWD200	73824.75	91871.23	342	-60	102.60
MWD201	73826.36	91827.69	342	-60	150.00
MWD204	73829.93	91775.00	342	-60	96.50
MWD206	73776.06	91705.37	342	-60	114.50
MWD208	73727.12	91730.71	342	-60	122.00
MWD210	73725.41	91776.68	342	-60	194.70
MWD211	73726.20	91829.29	342	-60	138.70
MWD212	73832.69	93287.47	342	-60	36.00
MWD213	73835.79	93247.14	342	-60	120.00
MWD214	73726.70	91900.09	342	-60	102.40
MWD216	73893.94	93289.36	342	-60	120.00
MWD218	73785.07	93164.60	342	-60	84.40
MWD220	73821.21	93308.04	72	-60	74.60
MWD221	73787.32	93163.04	342	-60	91.10

Table 2 – Mineralised Intercepts – South West Extension Area

Hole Number	From (m)	To (m)	Interval (m)	Grade (% WO ₃)
MWD200	5	7	2	0.47
MWD200	15	17	2	0.28
MWD200	29	31	2	0.33
MWD200	40	44	4	0.88
MWD200	51	54	3	0.11
MWD201	29	31	2	1.37
MWD201	47	49	2	0.19
MWD201	99	101	2	0.10
MWD204	9	12	3	0.20
MWD204	70	72	2	0.40
MWD206	38	40	2	0.11
MWD206	80	82	2	0.28
MWD208	110	112	2	0.21
MWD210	26	29	3	0.15
MWD210	127	136	9	0.15
MWD210	171	174	3	0.93
MWD211	27	36	9	0.73
MWD211	53	55	2	0.14
MWD211	56	59	3	1.49
MWD211	62	67	5	0.56
MWD211	107	110	3	0.50
MWD211	114	116	2	0.38
MWD214	3	5	2	0.23
MWD214	35	37	2	0.83

NOTE: Only intercepts that are either greater than 1 metre or 0.20% WO₃ are listed

1. Interval (m) is down hole length and not necessarily true width.

2. Analyses quoted are a mix of XRF and ICP (Inductively Coupled Plasma) methods.

3. Samples are taken over whole metre lengths.

Table 3 – Mineralised Intercepts – Far North Extension Area

Hole Number	From (m)	To (m)	Interval (m)	Grade (% WO ₃)
MWD212	22	26	4	0.40
MWD213	15	17	2	0.10
MWD213	66	67	1	0.16
MWD216	16	17	1	0.24
MWD218	15	16	1	0.15
MWD218	20	21	1	0.13
MWD220	54	58	4	0.22
MWD221	8	9	1	0.15

NOTE: Only intercepts that are either greater than 1 metre or 0.20% WO₃ are listed

1. Interval (m) is down hole length and not necessarily true width.

2. Analyses quoted are a mix of XRF and ICP (Inductively Coupled Plasma) methods.

3. Samples are taken over whole metre lengths.