



Vital Metals Ltd

Notice of General Meeting and Explanatory Statement

**For a General Meeting to be held at
The Celtic Club, 48 Ord Street, West Perth**

on Friday, 3 July 2009 commencing at 10.00 am (WST)

**Vital Metals Ltd
ACN 112 032 596**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their accountant,
solicitor or other professional adviser without delay.

Corporate Directory

Directors	William Ryan (Non-Executive Chairman, Non-Executive Director) Paul Benson (Non-Executive Director) Andrew Simpson (Non-Executive Director)
Secretary	Ian Hobson
Registered Office	Level 1, 335 Hay Street Subiaco WA 6008 Telephone: (61 8) 9388 7742 Facsimile: (61 8) 9388 0804 Email: vital@vitalmetals.com.au Website: www.vitalmetals.com.au
Auditor	KPMG 154-158 St George's Terrace Perth WA 6000
Lawyers	Pullinger Readhead Lucas Level 2 50 Kings Park Road West Perth WA 6005
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233
ASX Code	VML

Notice of General Meeting

A General Meeting of Vital Metals Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 3 July 2009 commencing at 10.00 am (WST).

Agenda

Special Business

Resolution 1 – Approval for issue of Convertible Note and Shares to Aragon Resources Limited

To consider, and if thought fit to pass, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue to Aragon Resources Limited of a Convertible Note pursuant to an Unsecured Convertible Note Agreement and the issue of Shares to Aragon Resources Limited (or its nominee) upon conversion of the Note, in each case on the terms and for the purposes set out in the Explanatory Statement accompanying this Notice of Meeting.”

Resolution 2 – Ratification of issue of Shares to Aragon Resources Limited

To consider, and if thought fit to pass, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 17,450,000 Shares to Aragon Resources Limited on the terms and for the purposes set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusions

The Company will disregard any votes cast on Resolutions 1 and 2 by Aragon Resources Limited and its associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Explanatory Statement

The Explanatory Statement accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of General Meeting and Explanatory Statement.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and

- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5 p.m. WST on 1 July 2009 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

By Order of the Board of Directors



Ian Hobson
Company Secretary
Vital Metals Ltd

Date: 29 May 2009

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary.

Background

As announced on 15 April 2009, Aragon Resources Limited (**Aragon**) has agreed to provide funding to the Company of up to \$936,250 by way of a placement and convertible note issue to facilitate a medium to long term restructuring of the Company's activities and to allow the Company to take advantage of opportunities in tungsten mining in far North Queensland, including its Watershed scheelite project.

The General Meeting has been convened by the Company for the purpose of seeking shareholder approval for the convertible note issue and the ratification of a placement of 17,450,000 Shares to Aragon on 17 April 2009.

Resolution 1 – Approval for issue of Convertible Note and Shares to Aragon Resources Limited

The Company proposes to issue a convertible note (**Note**) to Aragon pursuant to an Unsecured Convertible Note Agreement between the Company and Aragon (**Agreement**) in return for Aragon providing a loan facility of \$500,000. The key terms of the Agreement are summarised below.

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities or other securities with rights of conversion to equity (such as convertible notes) to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with the prior approval of members of the company in general meeting of the terms and conditions of the proposed issue.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Note to Aragon and for the conversion of the Note into Shares.

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

(a) Maximum number of securities to be issued

The Company will issue one Note to Aragon which is convertible into Shares. The conversion price per Share is the higher of \$0.04 or 80% of the one month volume weighted average price (**VWAP**) of Shares prior to their conversion. The maximum number of shares that may be issued is 12,500,000 (assuming a conversion price of \$0.04).

(b) Date by which the securities will be issued to the Noteholder

The Note will be issued and the Advance made on the date of shareholder approval, or in any event, no later than 3 months after shareholder approval (or such later time subject to obtaining a

waiver from ASX) being obtained. Shares will be issued subsequently upon conversion of the whole or part of the Note from time to time.

(c) Issue price of the securities

The Note is issued in return for Aragon providing a loan facility of \$500,000 to the Company (**Advance**) and otherwise for nil consideration.

(d) Name of the allottee

Aragon Resources Limited.

(e) Terms of Agreement

- (i) The term of the Advance is three years. Any part of the Advance which has not been repaid or converted to shares at the end of the term is payable by the Company (together with any accrued interest) within 5 Business Days after the last day of the term.
- (ii) The Company may make repayments of all or part of the Advance at any time.
- (iii) Interest will accrue on the amount of the Advance which has not been repaid or converted into Shares at the rate of 6.00% per annum, calculated daily and payable quarterly in arrears.
- (iv) The Note is not convertible during the first 12 months after it is issued and is then convertible in whole or in part by Aragon giving at least one month's written notice to the Company (**Conversion Notice**).
- (v) After receiving a Conversion Notice, the Company is not required to allot and issue Shares to Aragon unless and until it is permitted to do so under the Listing Rules and the Corporations Act (including, without limitation, Chapter 6 of the Corporations Act). However, the Company must allot and issue Shares to the fullest extent possible without seeking approval and use all reasonable endeavours to obtain any approval required in order for the Company to issue the balance. If the Company does not obtain the required approval within [40] Business Days after receiving the Conversion Notice, the portion of the Advance which is unable to be converted will become immediately due and payable by the Company.
- (vi) The Convertible Note shall not provide for any voting rights at Shareholder meetings of the Company. The Convertible Note Holder will have no rights to participate in new issues if the Convertible Note has not been converted into Shares.
- (vii) The Convertible Note will be unsecured and Aragon will rank equally with all other unsecured creditors of the Company.
- (viii) The Company does not intend to apply for quotation of the Note on ASX. The Company intends to apply for ASX quotation of Shares issued on conversion of the Note.
- (ix) Shares issued on conversion of the Note shall be on the terms set out in Annexure A and shall rank equally in all respects with all other Shares on issue from the allotment date.
- (x) Subject to the Listing Rules, if there is a reorganisation of the Company, a corresponding adjustment will be made to the terms of the Note.

- (xi) The Note is transferable with the consent of the Company.
- (xii) The Company undertakes that until the Note is converted or repaid in full, it will not do any of the following without Aragon's approval:
 - pay, make or declare any dividend or other distribution;
 - purchase its own shares, reduce its share capital, return capital to Shareholders or in any other way restructure its capital if to do so would be likely to have a material adverse effect on the Company's ability to comply with its obligations under the Agreement or on Aragon's rights under the Agreement; or
 - take any action which constitutes or results in any material alteration to the nature of the Company's business.
- (xiii) If any of the following Events of Default occur, any money owing by the Company under the Agreement must be paid to Aragon within 10 Business Days of Aragon issuing a written notice to the Company requiring repayment:
 - a receiver, manager, administrator, controller, liquidator or similar officer is appointed in respect of the Company;
 - any investigation into the affairs or particular affairs of the Company is directed or commenced under the Corporations Act;
 - if the Company defaults under the Agreement and does not remedy the default within 20 Business Days of its occurrence;
 - the Agreement is or becomes void, voidable or unenforceable in whole or in part; and
 - it becomes unlawful for the Company to perform any of its obligations under the Agreement.
- (xiv) The Company will issue a cleansing notice under section 708A(5)(e) if the Corporations Act upon issuing Shares to the Noteholder to the extent that it is permitted to do so.

(f) Intended use of funds

To provide working capital and for the Company's Watershed Tungsten Project.

(g) Date of allotment

Shares will be allotted as soon as practicable after each conversion by the Noteholder.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 – Ratification of issue of Shares to Aragon Resources Limited

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Rule 7.1 is treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach Rule 7.1 and the company's members subsequently approve it.

Under Resolution 2, the Company seeks from Shareholders approval for, and ratification of, the issue of 17,450,000 Shares to Aragon, so as to limit the restrictive effect of ASX Listing Rule 7.1 on any further issues of securities in the next 12 months.

Details of the Shares issued are set out in the table below. They comprise 13.04% of the fully paid ordinary shares in the Company (based on the number of Shares on issue as at the date of the Notice of Meeting).

ASX Listing Rule 7.5 requires the following information to be given to Shareholders:

Date of Issue	Allottee	Issue Price	Number of Shares	Purpose of Issue
17/04/2009	Aragon Resources Limited	\$0.025	17,450,000	Working capital

Aragon Resources Limited is not a related party of the Company.

The issued Shares are fully paid ordinary shares in the Company and rank equally with the existing ordinary fully paid Shares in the Company. They were issued on terms and conditions contained in the Constitution which are summarised in Annexure A.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as it allows the Company to ratify the above issue of Shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

Annexure	annexure to this Explanatory Statement.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited.
Board	board of Directors.
Company	Vital Metals Limited ACN 112 032 596.
Corporations Act	Corporations Act 2001 (Cth).
Director	director of the Company.
General Meeting	the general meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 3 July 2009 commencing at 10.00 am (WST).
Listing Rules	Listing Rules of ASX.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
WST	Australia Western Standard Time.

Annexure A

Terms of Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to the shares of the Company. Full details are contained in the Company's constitution, available for inspection at the Company's registered office.

(a) Share Capital

All issued ordinary shares rank equally in all respects.

(b) Voting Rights

At a general meeting of the Company, every holder of shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every fully paid share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share.

(c) Dividend Rights

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the shares.

(d) Rights on Winding-Up

Subject to the rights of holders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the share.

(e) Transfer of Shares

Shares in the Company may be transferred by instrument in any form which complies with the Constitution, the Corporations Act, Listing Rules and ASTC Listing Rules.

Shares may be transferred by such means in accordance with Listing Rules and the ASTC Listing Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by Listing Rules and ASTC Listing Rules.

(f) Calls on Shares

Shares issued as fully paid are not subject to any calls for payment by the Company and will not therefore become liable for forfeiture.

(g) Further Increases in Capital

The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.

(h) Variation of Rights Attaching to Shares

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

(i) General Meeting

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act and Listing Rules.

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of _____ [full company name] and entitled to attend and vote hereby appoint

The Chairman of the meeting

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Vital Metals Ltd to be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 3 July 2009 at 10.00 am WST and at any adjournment of that meeting.



IMPORTANT

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy – please mark to indicate your directions

Ordinary Business

- Resolution 1. Approval for issue of Convertible Note and Shares to Aragon Resources Limited
- Resolution 2. Ratification of issue of Shares to Aragon Resources Limited

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

 %

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

Your Name and Address

Please print your name and address as it appears on your holding statement and the company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Ian Hobson on (61 8) 9388 7742 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | where the holding is in one name, the holder must sign. |
| Joint Holding: | where the holding is in more than one name, all of the shareholders should sign. |
| Power of Attorney: | to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. |
| Companies: | where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of Annual General Meeting or may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting i.e. no later than 10.00 am WST on 1 July 2009. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 1, 335 Hay Street, Subiaco WA 6008 or PO Box 8243, Subiaco East WA 6008 or sent by facsimile to the registered office on (61 8) 9388 0804.

Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),
Insert name of shareholder company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of Vital Metals Ltd to be held on Friday, 3 July 2009 and at any adjournments of that meeting/all meetings of the members of Vital Metals Ltd.

DATED 2009

Please sign here

Executed by the Company)
in accordance with its constituent documents)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
 2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
 3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
 4. Insert the date of execution where indicated.
 5. Send or deliver the Certificate to Vital Metals Ltd's registered office at Level 1, 335 Hay Street, Subiaco WA 6008 or PO Box 8243, Subiaco East WA 6008 or fax the Certificate to the registered office at (61 8) 9388 0804.
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