



24 January 2008

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

By ASX Online

Dear Sir/Madam

**Completion of Tungsten Market Study
Strong Prices Forecast**

Please find attached a media release / ASX announcement regarding the completion of a Tungsten Market Study commissioned by Vital Metals Ltd.

Yours faithfully

John Adam Sobolewski
COMPANY SECRETARY

Completion of Tungsten Market Study **Strong Prices Forecast**

In September 2007 Vital Metals Ltd commissioned independent specialist metal marketing consultants, GBRM Ltd, to conduct a comprehensive update of the world-wide market for primary tungsten production in the form of ores, concentrates and intermediate products such as ammonium para-tungstate (APT).

This study is intended to be used in the feasibility study for the Watershed scheelite (calcium tungstate) Project and as an overall update of the original tungsten market study prepared by the same group and published in the Vital Metals Prospectus in 2005 and currently on the company's website.

This new study has now been completed and would appear to be the most up-to-date and comprehensive review of the tungsten market situation available in the world available at this time.

The investigation includes a new look at the current and developing uses of tungsten, new technologies, a detailed look at existing and new planned production within China, which still dominates world production, new deposits and planned new mines outside of China, production and production cost trends and a detailed look at the global supply/demand equation in coming years.

The result is a 50 page document, which presents a full picture of the future outlook for tungsten from a primary production view.

The principal conclusions of the study are:

1. Over the five years to end 2012, global consumption of tungsten metal is expected to increase from its current level of approximately 81,200 tonnes (including 59,800 tonnes of new primary production - the balance being re-cycled scrap) to 109,328 tonnes; thereby requiring almost 82,000 tonnes of primary output – an increase of some 22,000 tonnes of 'new' production.
2. While there has been a significant increase in exploration and mine development activity outside China in recent times, no major new production, apart from the re-start of the CanTung mine in 2005, has actually been realised and is unlikely to occur until at least late 2009.
3. Rapid increases in mine development and operating costs is increasingly indicating that a further advance in price structures is necessary before new mine developments will actually be achieved.
4. China has not only curtailed its domestic mining programs but has now become a significant importer of tungsten concentrates and tungsten scrap.
5. The forecast is for global prices for APT to reach and even exceed US\$300 per metric tonne unit.

6. Almost no tungsten concentrates are currently produced in US dollars, so that even if the US dollar continues to decline, the global market price for concentrates and APT will adjust to reflect this change.

The summary pages from this report will be available in the next few days on the Vital Metals website at http://www.vitalmetals.com.au/metal_markets/tungsten.phtml .