
WATERSHED COSTS SUPPORT HEALTHY OPERATING MARGINS

- **Conceptual process flow sheet completed.**
- **Plant operating costs in line with pre-feasibility expectations for healthy margins.**
- **Operating costs estimated at A\$40.96/t (US\$134/mtu) for a production capacity of 1,180 tonnes WO₃ of concentrate per year.**
- **Gross revenue per tonne processed is estimated at A\$61.05/t (US\$200.00/mtu of concentrate).**
- **Detailed plant design work is underway.**
- **Design flexibility inbuilt to enable later expansion of both mine and process plant.**

Vital Metals Ltd (ASX Code: VML) is pleased to announce the completion of the major metallurgical test program components required to finalise the tungsten process plant flow sheet for the Watershed Project in far North Queensland.

These detailed technical parameters and costs relate to an initially 'reduced scale' operation as announced in the June Quarterly Report.

The plant has been designed to initially process 450,000 tonnes per annum of scheelite ore, with flexibility to expand both the mining and process plant at a later time.

Managing Director, Andy Haslam said engineering consultancy, Process 26 Pty Ltd, was now undertaking detailed process plant design and capital cost estimates.

"From an engineering point, the plant is not complex and will use simple, low-cost technology such as crushing, spirals, tables and a small flotation circuit to recover the ore," Mr Haslam said.

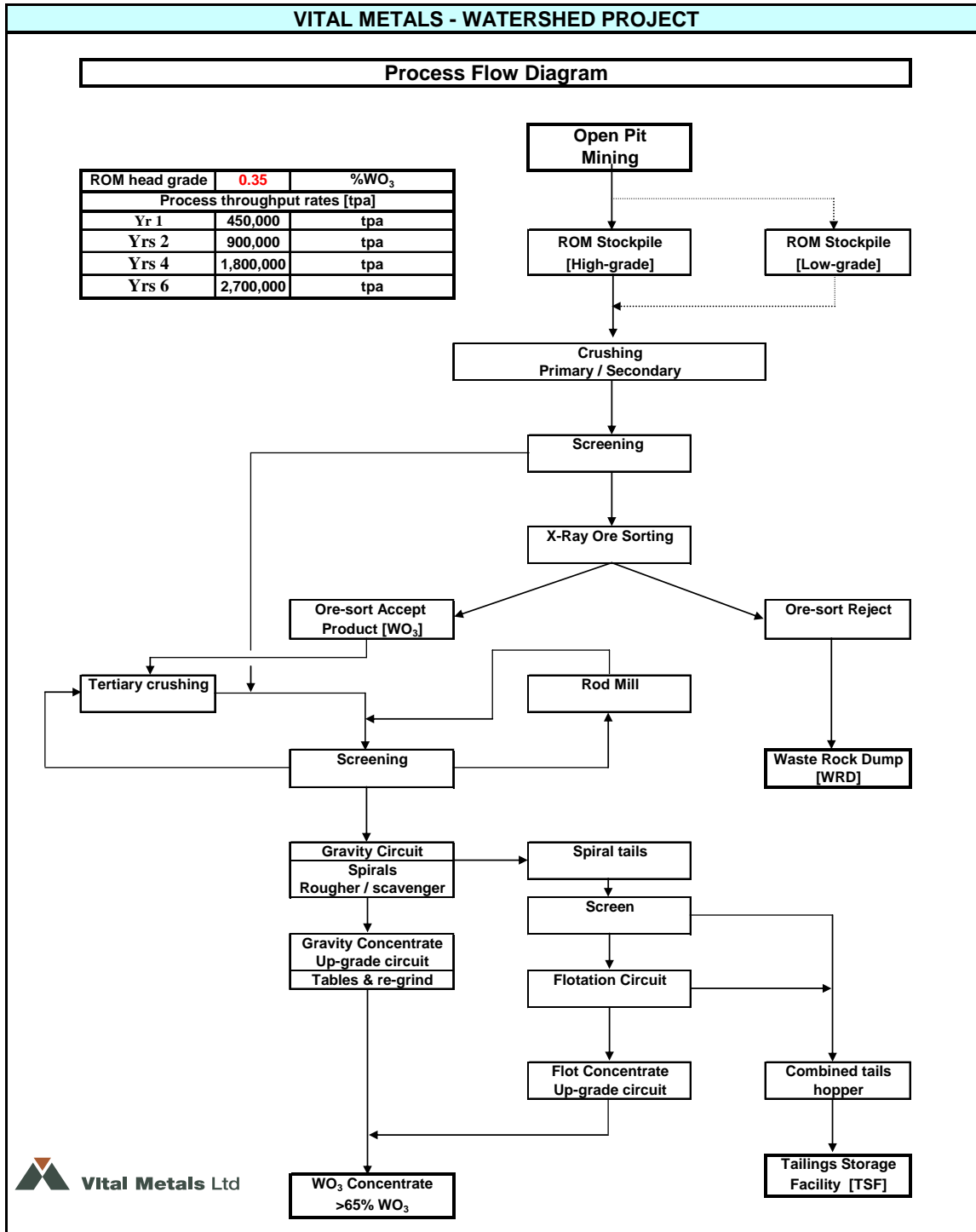
According to initial calculations, the total cost per tonne processed has been estimated at A\$40.96 or A\$156.03/metric tonne unit (US\$134/mtu) while revenue per tonne processed will be approximately A\$61.05 or A\$233.00mtu.

The calculations are based on the current Australian Dollar exchange rate of US\$0.86, and assume a head grade of 0.35% WO₃ with 75 per cent metallurgical recovery.

"These figures generate a healthy margin of A\$20.09/t or A\$76.97/mtu for the project," Mr Haslam said.

“The Company is awaiting receipt of some new mine scheduling and mine cost estimation data within the next two weeks, but we remain comfortable with the current cost estimates.”

FIGURE 1.



The process flow sheet diagram shown in Figure 1 follows conventional primary and secondary crushing, followed by multiple screening, providing sized product for the X-ray ore-sorting circuit.

Ore-sorting continues to play an important role in both up-grading the feed to downstream secondary processing, as well as eliminating approximately 50 per cent of the ROM feed as a reject waste product.

Down-stream processing of the ore-sort accept product follows conventional tertiary crushing and screening, with rod mill product feeding a bank of spirals producing rougher and scavenger concentrates. Spiral tails are screened with coarse product reporting direct to tailings while ore fines are subjected to fatty acid flotation in a scavenger role.

Scheelite concentrates from both the gravity and flotation process circuits are further upgraded by means of multiple tables, thereby producing an on-specification, 'plus' 65% WO₃ concentrate product.

Process 26 has undertaken the operational cost estimate for the Watershed venture and delivered the following results to arrive at the estimated total cost per tonne processed of A\$40.96 or A\$156.03/metric tonne unit (US\$134/mtu):

Ore Processing Operating Costs	\$8.15/t
Power Generation	\$9.30/t
Project Labour, accommodation	\$7.84/t
Admin & Insurance	\$6.76/t
Mining costs*	\$8.91/t

* Estimate only, new pit designs pending.

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

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