

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2009

Highlights

- **David Macoboy appointed to the Board as Chairman Elect**
 - **Howard Carr appointed as Chief Executive Officer**
 - **Completion of Due Diligence review and execution of Farm-In agreement with Ampella Mining covering Doulunia gold Project in Burkina Faso.**
 - **Positive field evaluation of Doulunia project.**
 - **Preparation of 2010 Doulunia exploration programme**
 - **Continuation of environmental monitoring and regulatory compliance matters relating to the Watershed EIS**
 - **Bill Ryan announces retirement as Chairman**
 - **Placement of \$2.4m announced 21 January 2010**
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Corporate

New Director / Chairman Elect

Vital Metals appointed Mr David Michael Macoboy as a Director and Chairman Elect of the company, effective as from January 5th 2010.

Mr Macoboy is 60 years old and holds a Bachelor of Economics (Hons) and a Bachelor of Commerce from the University of WA. David is a Fellow of the Australian Institute of Company Directors and a Certified Practising Accountant.

Mr Macoboy is a Professional Director. Since 1992 he has served on the board of 11 ASX-listed companies including; Portman Mining, Consolidated Minerals, Territory Iron (Chairman), Ammtec (Chairman) and Ironclad Mining (Chairman).

The Directors and Management of Vital Metals believe Mr Macoboy's cross-industry experience, especially in the areas of corporate strategy, finance, treasury, risk management and international fund raising are skills needed to ensure the company's new West African Gold project is adequately funded and its existing Tungsten projects are appropriately promoted.

New Chief Executive Officer

Vital Metals appointed Dr Howard Carr as Chief Executive Officer effective as from December 2009.

Dr Carr is 44 years old and holds a PhD in Economic Geology from the University of WA, a Graduate Diploma in Management and is a Member of the Australian Institute of Geoscientists.

The Directors of Vital Metals believe Dr Carr's wide variety of innovative experience and his strong background in economic geology will provide an excellent basis to move the Company forward in

progressing Vital's large and advanced tungsten projects at Watershed (Queensland) and Mt Mulgine (WA) and in assessing new opportunities for Vital in the near future.

Retirement of Chairman

Company founder, Mr Bill Ryan announced at the AGM his plans for retirement from the position of Chairman of the Board. Bill has been instrumental in developing the company's flagship project the Watershed tungsten deposit, and in securing the Doulnia project which will be the company's focus for the immediate future.

Bill officially hands over the chairmanship on 1st February 2010.

Bill will be remembered by the board, management and staff of Vital Metals for his boundless energy and commitment to the company. We wish him well in retirement.

Cash Balance

Vital Metals Ltd had a cash balance of \$509,435 at 31 December 2009. A placement of \$2.4m was announced on 21 January 2010. Exploration expenditure during the quarter was \$266,000.

Operations

Doulnia

During the quarter Vital Metals completed due diligence review of the Doulnia project including two site evaluations.

Following a favourable review, Vital Metals executed the Doulnia project Farm-In Agreement with Ampella Mining. Vital agree to expend A\$250 000 to complete the first phase of the farm in, A\$2.5m to earn a 70% interest in the project and to complete a Pre-Feasibility Study to earn 80%. The government of Burkina Faso have an agreement with Ampella to secure a 10% free carried interest in the mineral exploitation company, which will result in Vital earning a maximum 72% interest in the any mine developed within the existing Doulnia project area.

Vital Metals have secured and reviewed the project datasets generated by previous explorers. Vital will drill existing gold targets in early 2010 and has developed new gold target areas based upon the highly prospective geology, geochemistry and structural characteristics of the project area.

A summary of previous work completed on the Doulnia Project is provided below:

Date	Entity	Activity	Results
1970	United Nations Development Project (UNDP)	Regional mapping Rock chip & stream sediment sampling	Back Arc Basin Terrain prospective for Volcanogenic Massive Sulfide (VMS) mineralization Identified
1971	Bureau de Recherches Géologiques et Minières	Regional mapping Rock chip sampling	Widespread chemical sediments identified. Loubel and Koubongo Zn anomalies identified.

	(BRGM)		
1992-1997	Incanore Resources Ltd	Aerial photography Regional mapping Regional sampling (4013 samples) Ground magnetic & IP surveys 800m trenching, 6 RC holes (1356m)	Confirmation of VMS-type geology. Nabenia Zn, Cu, Pb anomaly identified
1998	Anmercosa Exploration Ltd (Anglo American subsidiary)	JV signed with Incanore	Funding & project management agreement
1998-2001	Anmercosa	Airborne EM (162km ²) LandSat Ground magnetic survey Detailed mapping Detailed soil sampling Trenching 27 RC holes (2814m) 6 RC/DD holes (412m)	Loubel and Nabenia Prospects identified 500m NE conductor identified Graphitic schists & Mn shales identified. 14m @ 3.06% Zn 2m @ 8.34% Zn
2001	Anmercosa	Global withdrawal from VMS exploration	Termination of work on Doulunia Project
2006	West African Gold Resources	Acquisition of Doulunia Project	No work conducted
2007	Ampella Mining	Acquisition of WAGR. Purchase of Incanore / Amercosa database. Application for Campala Exploration Permit	Access to all previous work Identification of Birrimian lode gold potential Doubling size of project area
2007-2008	Ampella Mining	Soil geochemistry (1274 samples) 10 RC/DD hole (1901m) 4 RC holes (380m)	Koubongo Zn anomaly confirmed Nabenia prospect confirmed 2m @ 6.47% Zn 1m @ 10.17% Zn 1m @ 4.21% Zn 5m @ 3.8% Zn
2008	Ampella Mining	Gold assays of previous soil samples 325m trenching,	Kollo Au prospects identified Multiple +250ppb Au soil anomalies 10m @ 7.87g/t Au (trench)
2009	Ampella Mining	Farm-in Agreement with Vital Metals signed Application for gold to be included as a Specific Commodity for Exploration and Exploitation on Doulunia & Campala Project	Funding, equity & indemnity agreement Vital Metals JV agreement in preparation.
2009-2010	Vital Metals	Possession of previous datasets Reconnaissance mapping Rock chip sampling Structural interpretation Legal review	Project Due Diligence complete Review of previous work Confirmation of previous field grid Artisanal vein @ 23.5g/t Au 3 structural targets identified 2010 Exploration Programme designed

Watershed

During the quarter Vital Metals Ltd continued work on the investigation and compliance issues related to progressing the Watershed EIS, including the monitoring of groundwater flows and the like.

The camp at Watershed remains on a care and maintenance basis.

The information in this report that relates to exploration results is based on information compiled by Mr Bruce Arthur Pertzel, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Pertzel 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 Pertzel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

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

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