

13th December 2010

ASX / Media Announcement

EXPANDED PHASE 2 DRILL PROGRAMME TO START EARLY FOLLOWING SUCCESSFUL CAPITAL RAISING

Highlights

- **Successful Capital Raising to accelerate exploration at Doulnia**
- **Expanded Phase 2 Drill Programme to commence on 14th December 2010**

Vital Metals Ltd (ASX: VML) is pleased to report that the successful share placement of A\$2 million which closed fully subscribed on Tuesday 7th December, has allowed the Company to increase the pace and intensity of exploration activities at the highly prospective Doulnia Gold Project in Burkina Faso.

The placement together with the A\$500,000 Share Purchase Plan announced will provide Vital sufficient working capital to appropriately test the large number of highly prospective drill targets at Doulnia. The previously announced Phase 2 drill programme has been doubled to 12,000m of Reverse Circulation (RC) drilling (Figure 1) with the first drill rig commencing on or about 14th December and a second rig to commence in mid January 2011.

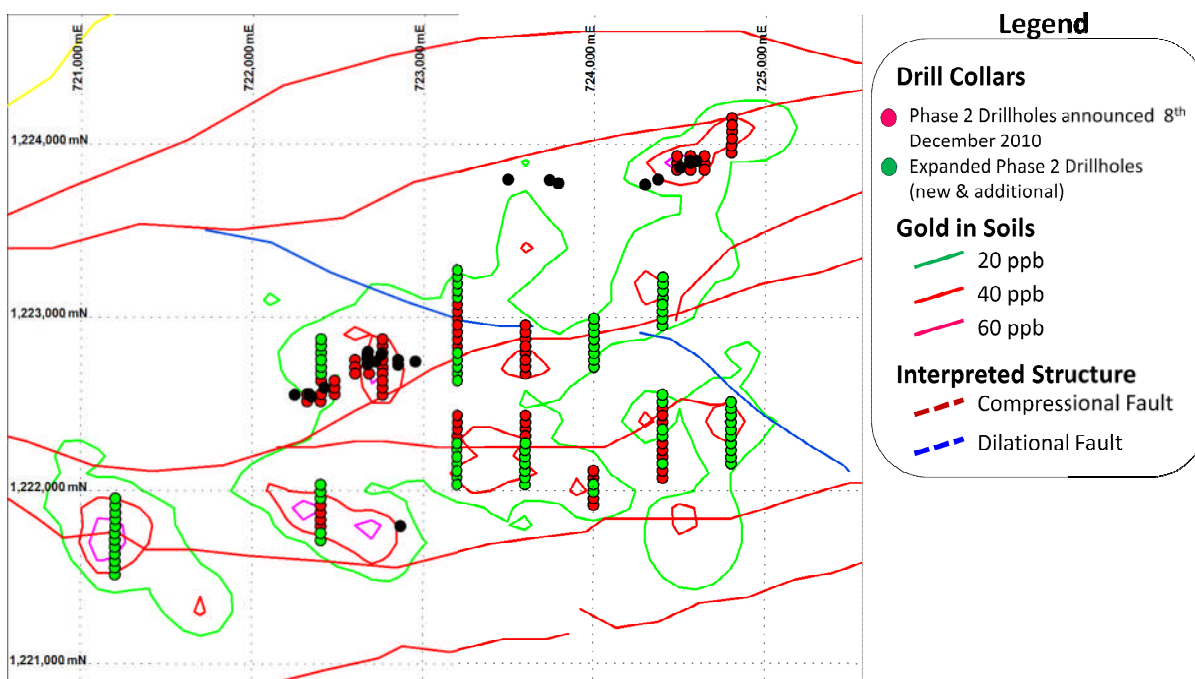


Figure 1. Expanded Phase 2 Drillhole Programme collars and Au-in soil summary

It is anticipated that two batches of drill samples will be despatched for assay prior to shut down for the Christmas / New Year break. Drilling will recommence in early January 2011.

Vital Metals is pleased to announce the appointment of Mr Pat O'Sullivan as Exploration Manager, Burkina Faso. Mr O'Sullivan is an experienced West African gold exploration geologist and a fluent French linguist. He has the right skill set to ensure the accelerated programme achieves its objectives on time and on budget.

In preparation for the Phase 2 Drill programme, Vital Metals has completed an intensive evaluation of the Doulunia project (as previously reported). The Company has applied tried and tested gold exploration technologies to the definition of Phase 2 Drill targets. The coincidence of multiple indicators of gold mineralisation within the Kollo Prospect area convinced the company of the need to commit more resources to the timely drill testing of the identified targets.

We look forward to presenting the results of our accelerated programme in early 2011.

- ENDS -

Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by Dr Howard Carr, who is a Member of the Australasian Institute of Geoscientists. Dr Carr 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". Dr Carr consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

About Vital Metals

Vital Metals Ltd is an Australian-based mineral exploration and development company focused on progressing two highly prospective mineral projects: The Doulunia Gold Project in southern Burkina Faso, West Africa and The Watershed Tungsten Project in far north Queensland, Australia.

Doulunia Gold Project – Burkina Faso

In December 2009, Vital entered into a farm-in agreement with Ampella Mining Ltd to earn up to 80% of the Doulunia Gold Project in southern Burkina Faso, West Africa. Vital has completed a comprehensive review of previous exploration and the regional to local geophysical, structural, geological and geochemical attributes of the Project.

The Phase 1 drill programme has confirmed the highly prospective nature of the project in general and the Kollo Prospect in particular.

Vital's management is excited at the gold prospectivity of Doulunia and has developed a fast-track exploration programme to test some of the key recommendations of the review.

Watershed Tungsten Project Queensland

The Watershed scheelite (calcium tungstate) Project, in far North Queensland, 150 kilometres north-west of Cairns, is the Company's flagship venture. Watershed is at the pre-feasibility stage, with a JORC code compliant Indicated Resource of 15.3mt @ 0.46% WO₃. The project is attracting renewed attention due to recent, strong increases in the price of tungsten, which is expected to continue into 2011, largely as a result of Chinese export restrictions.

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



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