

7th December 2010

ASX / Media Announcement

Capital Raising to Fund Accelerated Exploration at Doulnia Gold Project, Burkina Faso

Vital Metals Ltd (ASX: VML) is pleased to announce a \$2 million share placement and a \$500,000 Share Purchase Plan to raise \$2.5 million before costs to fund an accelerated drilling campaign at the highly prospective Doulnia Gold Project in Burkina Faso, West Africa.

London-based investment bank Fairfax I.S. Plc has been appointed to assist with the capital raising, along with Patersons Securities Ltd and Williams De Broë Ltd.

The share placement funds are to be raised via a single tranche Placement to sophisticated investors at an issue price of A\$0.08 a share. The placement will be made under the Company's 15 per cent placement capacity under ASX Listing Rule 7.1.

A non-underwritten Share Purchase Plan (SPP) to raise a maximum of \$500,000 will also be undertaken following the Placement to allow all eligible shareholders on the register on 6th December 2010 the opportunity to subscribe for up to \$15,000 worth of new shares at the same price of A\$0.08 a share without incurring any brokerage costs or commissions. Vital will issue a maximum of 6.25 million fully paid ordinary shares under the issue and these shares will rank equally with existing ordinary shares.

Shareholder approval for the issue will not be required in accordance with ASX Listing Rule 7.2 Exception 15.

All of the Company's Directors intend to take up their maximum entitlement under the SPP.

The record date for participation in the SPP is 5.00pm (WST) on 6th December 2010. The Company expects to despatch offer documents on 9th December 2010.

The key dates for the SPP are:

Record Date	Monday, 6 December 2010
Despatch of offer documents	Thursday, 9 December 2010
Opening Date	Friday, 10 December 2010
Latest Closing Date (Directors may elect to close early)	Monday, 20 December 2010
Issue of Shares	Wednesday, 22 December 2010
Despatch date for Holding Statements	Thursday, 23 December 2010

Vital Metals Managing Director, Dr Howard Carr said the funds raised will be used to significantly increase the density of drilling at the Company's Kollo prospect in Burkina Faso, following encouraging results from the first phase of drilling as announced to the market on 25th May 2010.

"The Phase 1 drilling program confirmed the highly prospective nature of the Doulnia Gold Project in general and the Kollo Prospect in particular. The Phase 2 drilling programme is aimed at further defining the width, gold tenor and continuity of mineralisation at Kollo," he said.

"The support for the Placement from three eminent broking houses is also a strong expression of confidence in Vital's management and the value of the Doulnia Gold Project. Vital is pleased to have enlisted the support of such industry leaders, which augers well for meeting the demands of future drilling campaigns."

"We encourage shareholders to participate in the Share Purchase Plan as we set about adding value to Vital's Projects."

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 program 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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