

13 January 2011

ASX / Media Announcement

Doulnia Gold Project: Shareholders Agreement Signed with Ampella Mining Limited

Vital Metals Ltd (ASX: VML) and Ampella Mining Limited (ASX:AMX) are pleased to announce the signing of a Shareholders Agreement, formalizing Vital's farm-in arrangements with Ampella in the Doulnia Gold Project.

On 19 November 2009, Vital entered into a Farm-In Agreement with Ampella regarding the Doulnia Gold Project in Burkina Faso. The terms of the Farm-In Agreement are for Vital to sole fund \$1.5m within 2 years to earn a 60% interest in the Project, sole fund \$3.5m to earn 70%, and sole fund a Project Bankable Feasibility Study to earn 80%.

The Earn-In terms and conditions of the Farm-In agreement have been carried over without changes, into the Shareholder Agreement.

Vital Metals and Ampella have also agreed on the definition of expenditure allowable for summation towards the earn-in milestones contemplated within the Farm-In and Shareholders Agreement. To date Vital has expended over \$900,000 on the Doulnia Project in just over 12 months, and anticipates achieving the first Earn-In milestone of 60% by mid 2011.

"Vital and Ampella continue to work together cooperatively to maximise the effectiveness of exploration at Doulnia with both parties confident in the project's gold prospectivity." Dr Carr said.

"We look forward to the release of drill results during the Phase 2 drill programme, currently underway."

ENDS

About Vital Metals

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

Doulnia Gold Project -Burkina Faso

In November 2009, Vital entered into a farm-in agreement with Ampella Mining Ltd to earn up to 80% of the Doulnia 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 of the drill programme has confirmed the highly prospective nature of the project in general and the Kollo Prospect in particular.

As reported on 13th December 2010, Vital Metals is currently in the early stages of a 12 000m, Phase 2 drill programme to further test the large number of highly prospective drill targets at the Kollo Prospect.

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 international 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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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.

