

9th December 2010

Dear Shareholder

SHARE PURCHASE PLAN

On 7th December 2010 Vital Metals Limited (“Vital Metals”) announced a Share Purchase Plan (“SPP”) for eligible shareholders.

Subject to you being an eligible shareholder, I am pleased to invite you to participate in the Vital Metals SPP to purchase up to \$15,000 worth of fully paid shares in the Company (“Shares”) at 8 cents each, with no associated brokerage or transaction costs.

The SPP enables all eligible shareholders, irrespective of the size of their shareholdings, to purchase up to \$15,000 worth of Shares. The SPP provides smaller eligible shareholders with the opportunity to increase their holdings into a more meaningful and financially viable parcel of shares.

Participation in this offer is optional.

The offer to participate under the SPP is non-renounceable which means you are not permitted to transfer or sell your right to subscribe for Shares under the SPP. Participation in the SPP is entirely optional and is subject to the terms and conditions specified in this letter, on the attached Application Form and annexure A.

This offer is open to all shareholders who were registered as holders of fully paid shares in Vital Metals at 5.00pm Western Standard Time on 6th December 2010 (“the Record Date”) and whose address, as recorded in the share register, is in Australia or in any other jurisdiction within which it is lawful and (in the reasonable opinion of the Company) practical for the Company to offer Shares under the SPP.

Where a member is expressly noted on the register as a trustee or nominee on account of another person (“Beneficiary”) the Beneficiary will be deemed to be the eligible shareholder and any relevant acceptance of the offer and issue of the Shares will be taken to be made by or to the Beneficiary.

Offer Price and Closing Date

The subscription price is 8 cents per Share. The closing date for applications under the SPP is 5.00pm Western Standard Time on 20th December 2010.

Initial Limit

The SPP has an initial limit of 6,250,000 Shares (“Initial Limit”).

How much can be invested?

Eligible shareholders may apply for Shares to a value of any one of the following amounts:

<i>Offer A</i>	Total subscription amount of \$1,000 (minimum amount)
<i>Offer B</i>	Total subscription amount of \$2,000
<i>Offer C</i>	Total subscription amount of \$3,000
<i>Offer D</i>	Total subscription amount of \$4,000
<i>Offer E</i>	Total subscription amount of \$5,000
<i>Offer F</i>	Total subscription amount of \$7,500
<i>Offer G</i>	Total subscription amount of \$10,000
<i>Offer H</i>	Total subscription amount of \$12,500
<i>Offer I</i>	Total subscription amount of \$15,000 (maximum amount)

How Many Shares will be received?

The number of new Shares to be received under the SPP by eligible shareholders is detailed on the attached SPP Application Form and identified by the number of Shares corresponding to the total application amount tendered, subject to any reduction resulting from shareholders in general meeting not approving the issue of any Shares beyond the Initial Limit or Vital Metals undertaking a scaleback.

Scale back

Vital Metals may, in its absolute discretion, scale back applications to the extent and in the manner it sees fit.

Issue of Shares

Shares issued under the SPP will rank equally in all respects with other fully paid ordinary shares in Vital Metals on the date of issue. Vital Metals will at the appropriate time make application for the Shares issued under the SPP to be admitted to official quotation on ASX.

The issue and allotment of Shares will occur within 7 days following the Closing Date.

How to Participate

In order to apply for Shares under the SPP, either utilise the BPay facility, details of which are on the Application Form, (in which case you do not need to return your Application Form) or complete the enclosed Application Form in accordance with the instructions and forward, together with your cheque, to Security Transfer Registrars Pty Ltd at the address on the form.

Completed application forms and full payment must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm Western Standard Time on 20 December 2010.



KEY DATES*

Monday, 6 December 2010	Record Date 5.00pm (WST Time) The date on which Vital Metals determines eligible shareholders
Tuesday, 7 December 2010	Announcement Date
Friday, 10 December 2010	Opening Date The date on which the SPP opens
Monday, 20 December 2010	Closing Date The date on which the SPP closes Applications must be received by 5.00pm (WST Time)
Thursday, 23 December 2010 (on or around)	Despatch Date The date on which holding statements are sent to participating shareholders for Allotment
Friday, 24 December 2010 (on or around)	Share Trading Date The date on which Shares allotted under the SPP commence trading on the ASX

**Vital Metals has discretion to alter these Key Dates.*

Should you have any questions or require further information regarding the SPP please contact Graeme Smith, Company Secretary on 08 9389 2124.

Yours faithfully

VITAL METALS LIMITED



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Managing Director

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ANNEXURE A

Terms and conditions of the Share Purchase Plan of Vital Metals Limited (“SPP”)

Purpose

The purpose of the Vital Metals Limited Share Purchase Plan (“SPP”) is to offer shareholders of Vital Metals Limited (“Vital Metals”) the opportunity to acquire additional fully paid ordinary shares in Vital Metals up to a maximum of \$15,000 at 8 cents per Share without the need to pay brokerage costs and without the need for Vital Metals to issue a prospectus or other disclosure document. This is the same price as offered to investors in our current \$2M placement. The SPP seeks to raise up to \$500,000 to fund an accelerated drilling campaign at the highly prospective Doulnia Gold Project in Burkina Faso, West Africa and for general working capital purposes.

Shareholders are eligible to participate

All shareholders whose address, as recorded in the share register, is in Australia or in any other jurisdiction within which it is lawful and (in the reasonable opinion of the Company) practical for the Company to offer Shares under the SPP, are eligible to participate.

Participation in the SPP is optional and subject to these terms and conditions. Offers made under the SPP are not renounceable (i.e. eligible shareholders may not transfer their rights to any new shares offered under the SPP).

The maximum amount which any shareholder may subscribe for under an SPP in any consecutive 12 month period is \$15,000. The Directors of Vital Metals may also determine in their discretion the specified amounts for participation or the multiples of the new shares to be offered under the SPP. This might mean that shareholders get scaled down from their subscription amount if the offer is oversubscribed.

Price of New Vital Metals Shares

The subscription price is 8 cents per share.

Issue of Vital Metals Shares

New shares to be issued under the SPP will be issued as soon as reasonably practical after the closing date specified by Vital Metals.

New shares issued under the SPP will rank equally in all respects with all other fully paid ordinary shares in Vital Metals from the date of issue. The number of Shares issued to you will be rounded to the nearest whole number.

Shareholding statements will be issued in respect of all new shares under the SPP. Vital Metals will promptly after the issue of new shares under the SPP and make application for those new shares to be admitted to quotation on ASX.

Cost of Participation

No brokerage, commission or other transaction costs will be payable by participants in respect of the application for, and issue of, new shares under the SPP. Vital Metals may at its cost, hire consultants to help facilitate and explain the offer to eligible shareholders.

Application and Notices

At the discretion of the Directors of Vital Metals, Vital Metals will send eligible shareholders an offer, accompanied by an application form, inviting them to subscribe for new shares under the SPP.

ANNEXURE A

Notices and statements to participants may be given by Vital Metals in any manner prescribed by its Constitution.

Refund of Application Moneys

In the event that your application amount is greater than the value of the Shares issued to you under the SPP (being the number of Shares actually issued multiplied by the issue price) then the difference will be refunded to you. No interest will be paid on any application money returned to you.

Modification and termination of the SPP

Vital Metals may modify or terminate the SPP at any time.

Vital Metals will notify the ASX of any modification to, or termination of, the SPP. The omission to give notice of any modification to or termination of the SPP or the failure of the ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Vital Metals may issue to any person fewer new shares than the person applied for under the SPP if the Issue of the new shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Vital Metals may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally in relation to any participant or application of new shares and the decision of Vital Metals will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Vital Metals reserves the right to waive strict compliances with any provision of these terms and conditions. The powers of Vital Metals under these conditions may be exercised by the Directors of Vital Metals or any delegate of Vital Metals.