

## **REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

### **Highlights**

- **Peter Cordin appointed to the Board**
  - **Continuation of environmental monitoring and regulatory compliance matters relating to the Watershed EIS**
  - **Bulk sampling of the Mt Mulgine tungsten/molybdenum mineralisation for grade assessment and ore sorting trials. Limited success was achieved in waste rejection although satisfactory tungsten grades, along with high tungsten recoveries were confirmed.**
  - **Review of new Project possibilities**
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### **Corporate**

#### **New Director**

Mr Peter Cordin was appointed to the Board of Vital Metals Ltd in August 2009. Mr Cordin is a civil engineer with 35 years experience in the evaluation and operation of resource projects, both within Australia and overseas. He is currently the Managing Director of Dragon Mining Limited, an Australian-listed company with gold mines in Sweden and Finland.

Peter was Project Manager responsible for the construction of an alluvial diamond facility and 2 carbon-in-leach gold treatment plants in Australia and Indonesia. He has direct experience in the management of diamond and gold operations. He was Managing Director of Grants Patch Mining Limited (100,000 ozs of gold per year) and Director – Operations of Forsayth NL, responsible for all group operations in Australia, involving the production of 320,000 ozs of gold from 5 mines. He has recently been involved in the development of resource projects in Kazakhstan and New Caledonia.

#### **Cash Balance**

Vital Metals Ltd had a cash balance of \$1,008,641 at 30 September 2009.

## Operations

### 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.

### Mt Mulgine

During the quarter, an approximately 25 tonne bulk sample was taken from spoils derived from 35 metres of a development drive (adit) from a group of shafts (in an area known as Shaft 4) which were sunk in the 1960's to help evaluate the "Trench" deposit at Mt Mulgine in the mid-west region of Western Australia.

These were sent to the metallurgical laboratory, Nagrom, where Vital's X-ray Ore Sorter is set up, to evaluate the opportunity to economically (cheaply) upgrade the tungsten and molybdenum mineralisation within the sampled material.

Bulk head grades of the sample averaged 0.19% WO<sub>3</sub>, low molybdenum values (circa 0.01% Mo) and 3.5 grams per tonne of silver.

Ore Sorting trials at maximum mineral recovery settings (minimum reject tonnes) achieved WO<sub>3</sub> recoveries of 94.5 per cent and 85.7 per cent of the contained silver. Molybdenum recoveries were estimated at 85 per cent but accurate estimation at these low grades may be unreliable.

The mass rejection after the initial sorting trials was a modest 21 per cent and consideration is being given to further trials with increased rejection and lower metal recovery. Interestingly, there is a natural, sizing-related classification with the screened minus 10mm fines fraction assaying at 0.38% WO<sub>3</sub>; twice the bulk head grade

### New Opportunities

The Company is reviewing a number of new opportunities which may provide value for shareholders while the EIS and other "due process" exercises continue at Watershed and while the tungsten price languishes below US\$220 per metric tonne unit.

*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](http://www.vitalmetals.com.au)

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