

Vital Metals Limited

ASX Code: **VML**

ACN: 112 032 596

Suite 44c Cottesloe Central,
460 Stirling Hwy,
Peppermint Grove, WA 6011

PO Box 188, Cottesloe WA 6911

Tel: +61 8 9436 9644

Fax: +61 8 9385 5782

Email: info@vitalmetals.com.au

www.vitalmetals.com.au

Capital Structure

228.40 million shares

4 million unlisted options

Cash at 31 March

\$4.1 million

Board

David Macoboy
Chairman

Peter Cordin
Non-Executive Director

Andrew Simpson
Non-Executive Director

Graeme Smith
Company Secretary



Summary & Highlights for the Quarter:

Doulnia Gold Project – Burkina Faso

- 12,000 metre drilling programme commenced and include 4m composite assays from the first 66 Reverse Circulation (RC) drill holes.
- Preliminary drill results confirm multiple zones of gold mineralisation.
- Signing of a Shareholders Agreement formalises Vital's farm-in arrangements with Ampella Mining Limited.
- Gold rights secured on Doulnia Exploration permits.

Watershed - Queensland

- Review of pre-feasibility study undertaken.
- Detailed discussions held regarding development opportunities.

Project Locations



Corporate

CEO and Managing Director, Howard Carr resigned during the quarter to pursue his resources sector career elsewhere.

David Macoboy has assumed an executive role whilst discussions with prospective candidates are being held. An announcement in relation to an appointment is expected shortly.

Cash Balance

Vital Metals Ltd had a cash balance of \$4.1m at 31 March 2011.

Operations

Doulnia Gold Project – Burkina Faso

The initial 4m composite assay results from the drilling programme at the Doulnia Gold Project have confirmed multiple zones of gold mineralisation.

The results are from the 12,000m Phase 2 drilling programme at the Doulnia project, and include 4m composite assays from the first 66 Reverse Circulation (RC) drill holes. 16 contain anomalous gold intersections of 4m greater than 0.2g/t Au.

The individual 1m samples that comprise each 4m composite samples with greater than 0.2g/t Au have been submitted for assay to ascertain Au values within these mineralised zones at 1m intervals. Results are due shortly.

The assay results have identified gold mineralisation closely in multiple elongate zones, enveloped by broader zones of strong sulphide and sericite alteration over a strike extent of at least 2km. The zones are parallel to regional foliation, major structures and the trend of new artisanal workings.

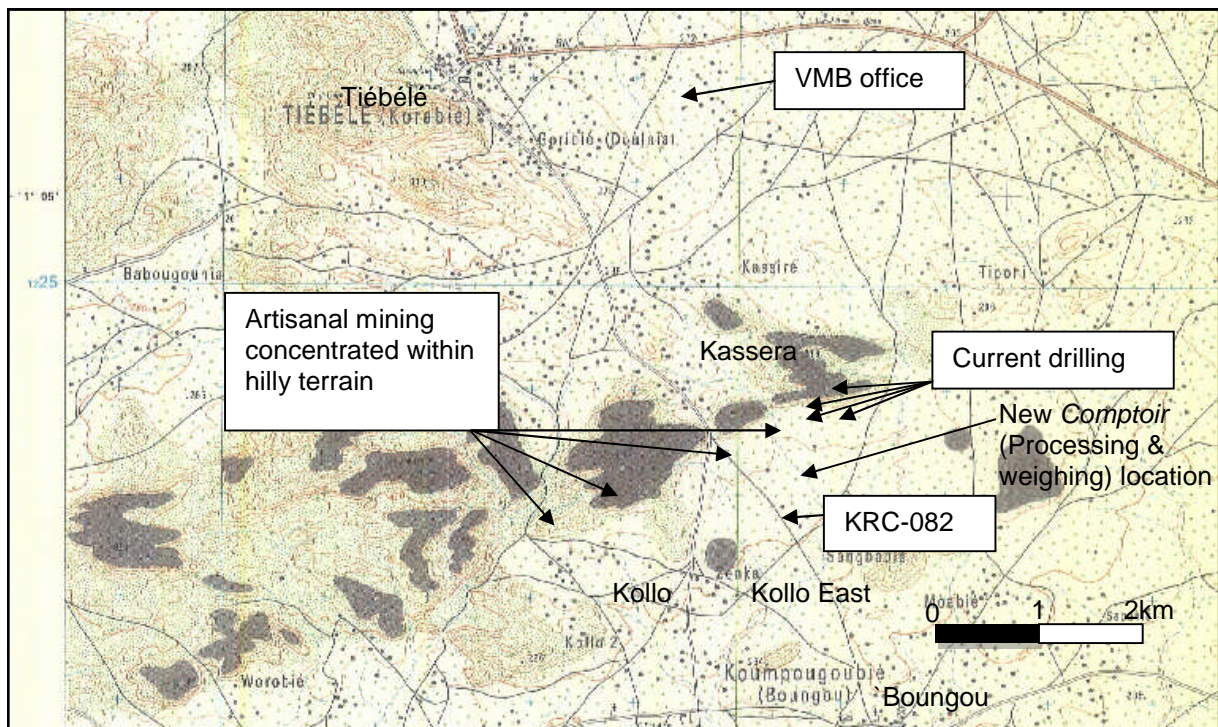


Fig. 1: Location Map of Doulnia area for illustration.



Doulnia Soil & Rock Chip Sampling

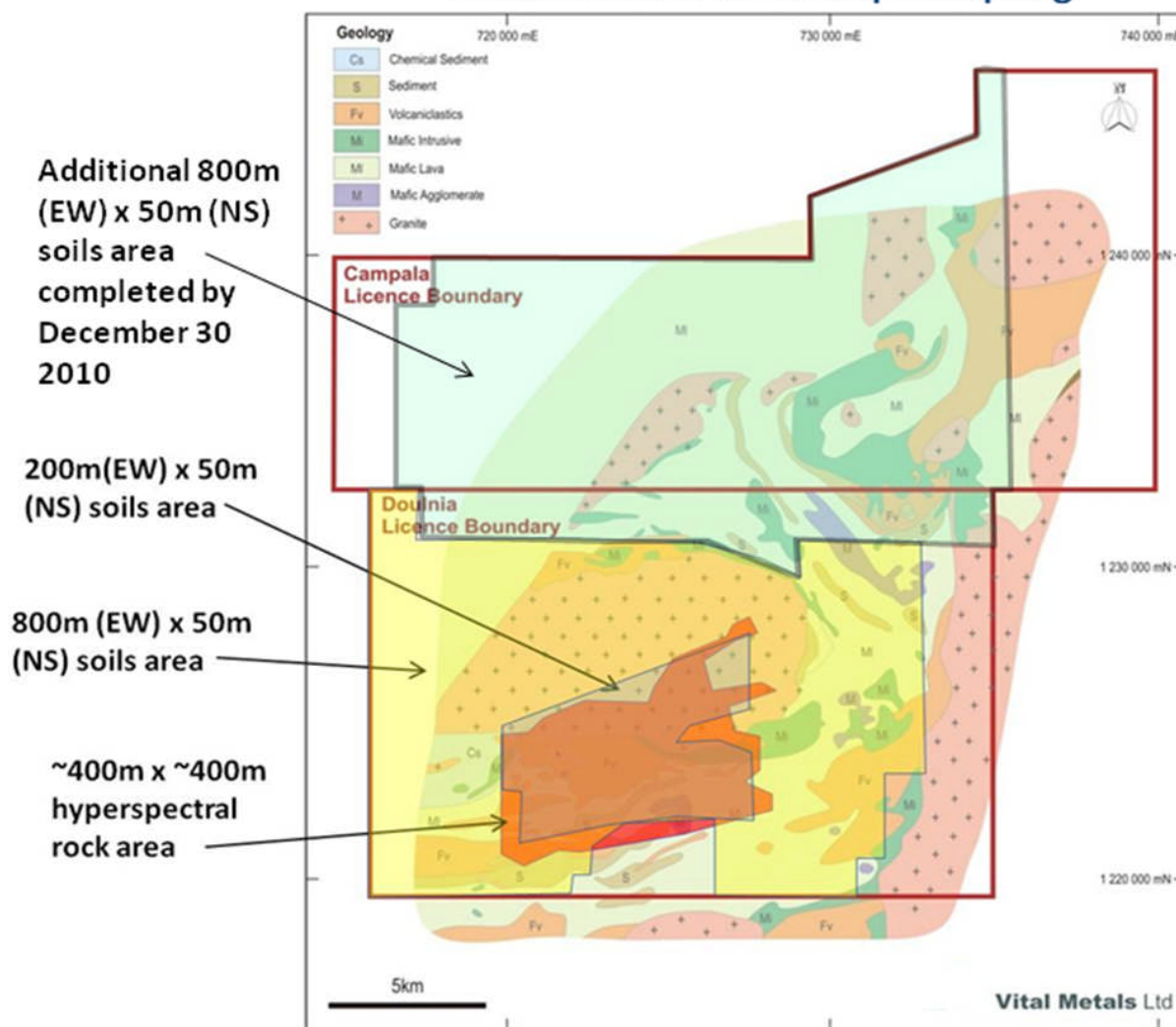


Figure 2. Soil and Rock Chip Sampling progress at Doulnia

Vital collected a suite of some 550 surface rock-chip samples from the Kollo Prospect area for hyperspectral analysis (Figure 2). Hyperspectral analysis has been shown to effectively map regional-to-local alteration haloes around large gold deposits and significantly increases the understanding of critical ore-forming fluid flow.

Strong phengite (Fe-rich mica) alteration envelopes the contiguous 25ppb Au-in-soil and discrete 75ppb Au-in-soil anomalies. Intense phengite alteration is commonly located at, or close to, the core of well mineralised mesothermal gold deposits. It is interpreted that identified mineralisation at Kollo is centrally located within a large alteration cell, similar to other well studied, multi-million ounce mesothermal gold deposits.



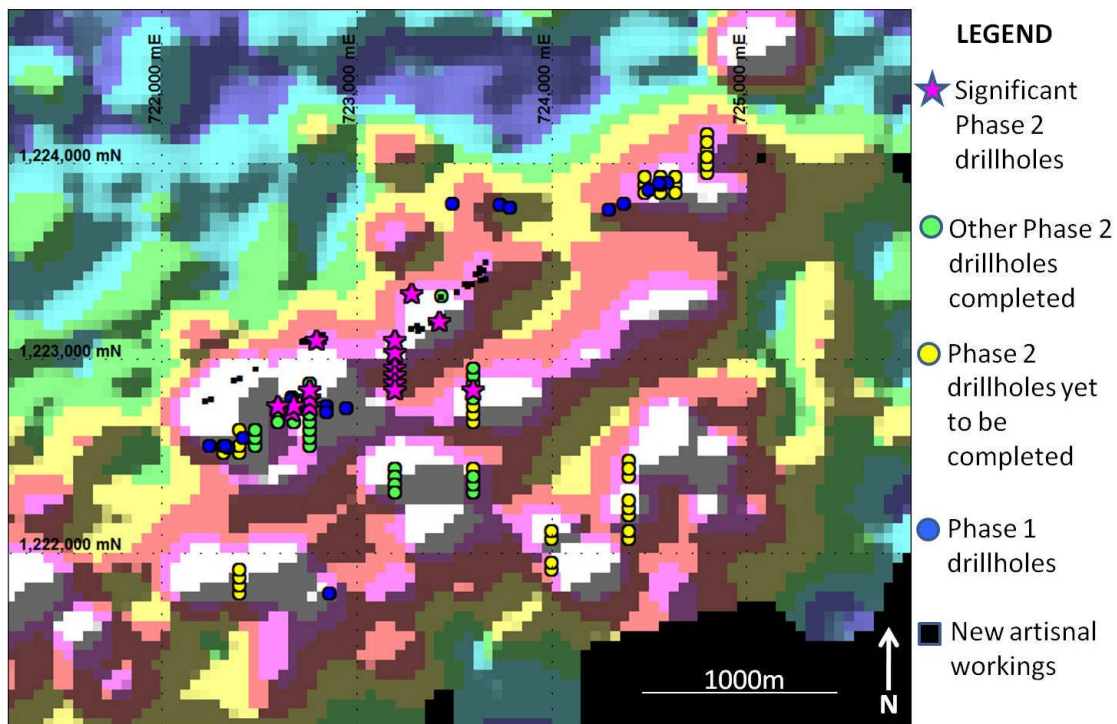


Figure 3. Location of Kollo drill hole collars and artisanal workings overlain on Au-in-soil anomaly image (Legend as per Figure 1.)

Kollo Phase2 drill results (4m composite > 0.2g/t Au)							
Hole (KRC)	East (m)	north (m)	from (m)	to (m)	Au (ppm)	intersect. (m)	ave. Au (ppm)
1R	722673	1222733	36	40	3.24	4	6.16
			40	44	1.57		
			44	48	0.15		
			48	52	0.36		
			52	56	0.7		
			56	60	4.09		
			60	64	5.76		
			64	68	3.67		
			84	88	6.16		
103	723285	1223340	36	40	1.19	4	1.19
104	723430	1223200	20	24	0.23	12	1.43
			24	28	2.37		
			28	32	1.69		
36	722760	1222840	4	8	0.31	8	0.64
			8	12	0.97		
56	723200	1222920	88	92	0.88	8	0.62
			92	96	0.36		



Kollo Phase2 drill results (4m composite > 0.2g/t Au)							
Hole (KRC)	East (m)	north (m)	Hole (KRC)	East (m)	north (m)	Hole (KRC)	East (m)
35	722760	1222800	0	4	0.23	16	0.43
			4	8	0.3		
			8	12	0.7		
			12	16	0.49		
			20	24	0.33		
			24	28	0.44		
102	722800	1223100	44	48	0.35	4	0.35
34	722760	1222760	40	44	0.25	4	0.25
			56	60	0.35	8	0.37
			60	64	0.39		
39	722680	1222760	24	28	0.22	4	0.22
			44	48	0.22	4	0.22
			84	88	0.48	4	0.48
40	722600	1222760	12	16	0.13	8	0.22
			16	20	0.3		
53	723200	1223040	72	76	0.21	7	0.27
			76	79	0.32		
55	723200	1222960	16	20	0.29	4	0.29
57	723200	1222880	92	96	0.27	4	0.27
			100	104	0.29	4	0.29
58	723200	1222840	48	52	0.21	4	0.21
71	723600	1222840	48	52	0.20	4	0.20
101	723200	1223100	4	8	0.28	4	0.28
			128	132	0.56	4	0.56

(All Phase 2 drillholes at 60 deg. inclination and directed due north. KRC001R was collared around 10m along strike from KRC001 and drilled to 125m to close off bottom-of-the-hole mineralisation in KRC001; all assays to date are total cyanide extractable gold)



Gold rights secured

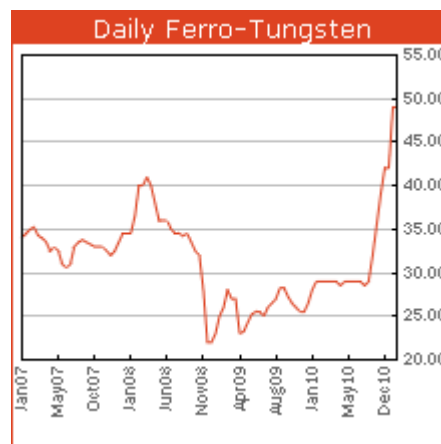
An application for inclusion of gold as a Specific Commodity on the Doulnia Exploration Permit, lodged on 22 February 2010, has been approved by the Burkina Faso Ministry of Mines. Following the signing of the Doulnia Project Shareholders Agreement with Ampella in late 2010, the Gold as a Specific Commodity approval provides absolute security over the gold rights at Doulnia.

Watershed

During the quarter a review of the 2009 draft Pre-Feasibility Study was begun and this review is expected to be completed in the current quarter.

An internal review is being conducted to identify different methods of enhancing the economic viability of the deposit. Detailed discussions with significant counterparties have been undertaken in relation to a Farm In, with an announcement expected to be made shortly.

In the meantime, global Tungsten prices have continued to increase rapidly during the quarter and this has led to historical high levels for the metal. The rapid increase in prices further underpins the value of the Watershed Project.



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 drill programme is confirming the highly prospective nature of the project in general and the Kollo Prospect in particular.



Watershed Tungsten Project – Queensland

The Watershed scheelite (calcium tungstate) Project, is located in far North Queensland, 150 kilometres north-west of Cairns. 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 and the strategic relevance of China controlling over 75% of global supply

Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by Ms Libby Colgan, who is a Member of the Australasian Institute of Geoscientists. Ms Colgan is an independent consultant 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". Ms Colgan consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

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

Contact:

David Macoboy
Chairman
+618 9 436 6944

Media:

Annette Ellis / Tamatha Smith
Purple Communications
08 6314 6300



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Vital Metals Limited

ABN

32 112 032 596

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(450)	(1,015)
(b) development	-	-
(c) production	-	-
(d) administration	(168)	(806)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	62
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) R&D tax refund	-	191
Net Operating Cash Flows	(601)	(1,568)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(93)
1.9 Proceeds from sale of: (a) prospects	-	480
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	24	18
Net investing cash flows	22	405
1.13 Total operating and investing cash flows (carried forward)	(579)	(1,163)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(579)	(1,163)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	22	3,374
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	(16)	(126)
Net financing cash flows		6	3,248
Net increase (decrease) in cash held		(573)	2,085
1.20	Cash at beginning of quarter/year to date	4,692	2,034
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,119	4,119

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	101
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	170
Total	570

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,095	3,250
5.2 Deposits at call	3,024	1,442
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,119	4,692

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

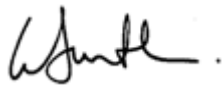
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	228,401,027	228,401,027		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	200,000	200,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,000,000 2,000,000		<i>Exercise price</i> 40 cents 20 cents	<i>Expiry date</i> 30/06/2011 17/11/2011
7.8 Issued during quarter				
7.9 Exercised during quarter	200,000		12 cents	20/02/2011
7.10 Expired during quarter	1,200,000		12 cents	20/02/2011
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 28 April 2011

Company Secretary

Print name:

Graeme Smith

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==