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Company News:

Vital Metals (VML AU) A8.1c/s, Mkt cap A\$18.5m – New drilling shows spectacular gold grades over good intersections in phase 2 drilling

- Vital Metals have released some spectacular and unexpected gold grades at their Doulina gold project in Burkina Faso.
- The best includes a 4m intersection at 58g/t of gold which is a great intersection by any standards.
- This is followed by a number of wider intersections of relatively good grade and when compiled together it begins to look as if the company may have discovered a section of a relatively good orebody .
- Gold is contained both in quartz veins and in the quartz feldspar porphyry unit offering the potential for efficient a bulk tonnage, open cast mining opportunity. While it is still too early to declare anything like an economic discovery the grades and drill profiles presented give us good reason to be hopeful for better news to come.
 - 44m at 6.39 g/t gold from 8m (KRC210) – including 4m at 58.03 g/t gold from 24m
 - 4m at 3.70 g/t gold from 56m (KRC209)
 - 8m at 2.29 g/t gold from 20m (KRC212)
 - 4m at 1.95 g/t gold from 8m (KRC146)
 - 4m at 1.58 g/t gold from 32m (KRC195)
 - 12m at 1.03 g/t gold from 64m (KRC210).
- Doulina should be a relatively easy project to develop if it proves to be economic. The project is 24km from the main highway giving good access and nearby services.
- Watershed tungsten project: Vital Metals continues to develop its Watershed tungsten project feasibility study in Queensland Australia. The project has substantial value with a BFS due for completion in 2013 after the necessary metallurgical work is done. The project is well advanced and has value substantially in excess of the company's current capitalisation in our view. JOGMET, the Japanese trade agency recently took a stake in the project in return for funding feasibility work adding an important endorsement to the project.

<http://vitalmetals.com.au/>

Conclusion: Vital Metals now looks like a credible player in the Burkina Faso gold rush. Results have been delayed and inconsistent till now but the Doulina project now looks like a more interesting prospect and the management team are more than capable of taking this to the next stage

**Fairfax has raised funds for Vital Metals in the past.*

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