



19 February 2007

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

***By ASX Online***

Dear Sir

**Watershed Drilling Hits Major High Grade Western Extension**

Please find attached a media release / ASX announcement regarding the above matter.

Yours faithfully

John Adam Sobolewski  
COMPANY SECRETARY

## **Watershed Drilling Hits Major High Grade Western Extension**

Vital Metals Ltd (ASX: VML) has intercepted high-grade tungsten mineralisation in drill hole MWD119, situated in a significant western extension of high-grade mineralisation, and at greater depth, to the Watershed resource as previously delineated by the Utah Development Company (UDC). The highlight is a 20 metre interval at 1.27% WO<sub>3</sub> from 302 metres.

The analytical results from six more diamond drill holes, MWD112, 113, 114, 115, 117 and 119, have now been received by the company. These again reveal pervasive scheelite (calcium tungstate) in all holes over a wide range of depths.

**Every hole drilled by Vital at Watershed to date hosts at least one intercept that is of economic importance in a tungsten deposit.**

**The highlights of these latest data are the results from MWD119 which, in both grade and thickness, is the best hole yet drilled on the property. It demonstrates lateral continuity of the high-grade, vein style scheelite mineralisation for at least 175 metres further west and an additional 125 metres depth.**

**Of most significance, this high-grade mineralisation is open to the west, the south and at depth.**

**MWD119 is mineralised intermittently over 286 metres (from 91 to 377 metres down-hole) with the best intervals being:**

**11 metres at 0.21% WO<sub>3</sub> from 127 metres (including 3 metres at 0.56%)**

**4 metres at 0.40% WO<sub>3</sub> from 291 metres**

**20 metres at 1.27% WO<sub>3</sub> from 302 metres (including 2 metres at 5.33% and 7 metres at 1.79%)**

**4 metres at 1.79% WO<sub>3</sub> from 336 metres (including 2 metres at 3.44%)**

The intercepts in MWD119 extend the western and depth resource limits as defined by the Utah Development Company (UDC) in 1979 – 1986.

The mineralised intervals in MWD119 (which was drilled from grid south to grid north) are down dip from similar zones which UDC intersected further to the east in Hole MWD020, which encountered 17 metres at 0.49% WO<sub>3</sub> from 169 metres down-hole and 7 metres at 1.25% WO<sub>3</sub> from 254 metres and Hole MWD027, fifty metres further south, which hit 6 metres at 0.39% WO<sub>3</sub> from 118 metres down-hole and 4 metres at 1.52% WO<sub>3</sub> from 226 metres.

These intercepts of mineralisation in Vital Hole MWD119, which are essentially on the same grid north co-ordinate position as the intercepts in Hole MWD020 (which was drilled from grid west to grid east) are approximately 175 and 225 metres west of the UDC zones and 85 metres and 110 metres deeper. The MWD119 intercepts are also up to 125 metres deeper than the high-grade section at depth in MWD027.

According to the Executive Chairman of Vital Metals Ltd, Mr Bill Ryan, the results of Hole MWD119 represent **“an important development in the evaluation of the Watershed resource and open up the deposit substantially to the south and particularly to the west, by about 200 metres and by at least 125 metres in depth with further potential open in both directions”**.

There are several intervals of 'albitised granite' in drill holes in this vicinity (See Vital's ASX release dated 26 September 2006) and there is a distinct possibility that the underlying granite source is adjacent to this area.

Mr Ryan said that **“Hole 119 has opened up the potential of this deposit and represents an exciting development for the company. It is a serious advance in the understanding of the geology of this large and growing deposit and is likely to have important implications as regards the eventual size of Watershed and the future development options”**.

Analytical results from the other five holes include best intervals of:

**MWD112: 10 metres at 0.27% WO<sub>3</sub> from 29 metres down-hole.**

**MWD113: 1 metre at 1.50% WO<sub>3</sub> from 44 metres and 10 metres at 0.39% WO<sub>3</sub> from 151 metres.**

**MWD114: 2 metres at 1.72% WO<sub>3</sub> from 67 metres.**

**MWD115: 5 metres at 0.39% WO<sub>3</sub> from 83 metres, 4 metres at 0.54% WO<sub>3</sub> from 106 metres and 24 metres at 0.44% WO<sub>3</sub> from 134 metres including 6 metres at 0.73% and 2 metres at 0.80%.**

**MWD117: 9 metres at 0.54% WO<sub>3</sub> from 57 metres including 2 metres at 1.37% and 6 metres at 0.53% WO<sub>3</sub> from 73 metres.**

The location and drilling details plus a summary of analytical results of all six holes are given in Tables 1 and 2 below

**Table 1 - Drill Hole Location Details**

Hole No.	Easting	Northing	Azimuth (Magnetic)	Declination (degrees)	Total Depth (m)
MWD112	74051	92319	072	-60	158.6
MWD113	73810	92390	072	-60	210.0
MWD114	74009	92094	072	-60	276.5
MWD115	73956	92271	072	-60	323.9
MWD117	74055	92100	072	-60	233.8
MWD119	73640	92150	072	-60	378.3

*Co-ordinates are expressed in local grid*

Table 2 - Analytical Results Summary

Hole No.	From (m)	To (m)	Interval (m)	Analysis (% WO <sub>3</sub> )
MWD112	9	10	1	0.13
MWD112	29	39	10	0.27
MWD112	44	47	3	0.17
MWD112	90	91	1	0.18
MWD112	99	100	1	0.19
MWD113	20	21	1	0.35
MWD113	44	45	1	1.50
MWD113	139	147	8	0.17
MWD113	151	161	10	0.39
MWD114	67	69	2	1.72
MWD114	88	90	2	0.16
MWD115	0	8	8	0.21
MWD115	57	67	10	0.23
MWD115	70	78	8	0.25
MWD115	83	88	5	0.39
MWD115	101	103	2	0.15
MWD115	106	110	4	0.54
MWD115	112	115	3	0.17
MWD115	118	119	1	0.39
MWD115	122	127	5	0.27
MWD115	130	131	1	0.16
MWD115	134	158	24	0.44
includes	145	151	6	0.73
and	155	157	2	0.80
MWD115	289	294	5	0.24
MWD117	57	66	9	0.54
includes	64	66	2	1.37
MWD117	73	79	6	0.53
MWD117	92	93	1	0.11
MWD117	221	222	1	0.18
MWD117	228	231	3	0.41
MWD119	91	94	3	0.32
MWD119	110	111	1	0.18
MWD119	127	138	11	0.21
includes	129	132	3	0.56
MWD119	278	279	1	0.47
MWD119	291	295	4	0.40

MWD119	302	322	20	1.27
includes	303	305	2	5.33
and	309	316	7	1.79
MWD119	336	340	4	1.79
includes	337	339	2	3.44
MWD119	367	368	1	0.35
MWD119	376	377	1	0.13

1. Analyses quoted are a mix of XRF and ICP (Inductively Coupled Plasma) methods.
2. All samples are of full one metre intervals.
3. Intercepts are down-hole, not necessarily true widths.

**Note:**

The company has had a number of requests from shareholders and others to more clearly define the value of scheelite 'in the ground' in terms of current tungsten prices and dollars per tonne.

The Table below gives the monetary value of a tonne of scheelite-mineralised rock. The figures are based on a price per tonne of tungsten concentrate of US\$200 per metric tonne unit (some 10 percent below current reported prices), an exchange rate of 0.80 AUD per USD, with no allowance for any cost or mining or metallurgical losses. Hence the numbers specify the gross, in-ground value per tonne of mineralised material at the grades listed.

Grade (% WO <sub>3</sub> )	Value per tonne of 'Ore' (\$A)
0.10	\$25
0.25	\$62
0.50	\$125
1.00	\$250
1.50	\$375

*Note: "The information in this report that relates to exploration results, mineral resources or ore reserves and mineral value is based on information compiled by Mr Bruce Arthur Pertzelt who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Pertzelt 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 Pertzelt consents to the inclusion in the report 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](http://www.vitalmetals.com.au) or contact Mr Bill Ryan - 08 9388 7742 or 0417 172 923.**