



2 March 2007

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

By ASX Online

Dear Sir

Further Drill Results from Watershed

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

Yours faithfully

John Adam Sobolewski
COMPANY SECRETARY

Further Drill Results from Watershed

Vital Metals Ltd (ASX: VML) has received the analytical results from six more diamond drill holes from its Watershed scheelite Project in far North Queensland. The holes received were MWD116, 120, 121, 122, 123 and 129.

Mineralisation was confirmed in all holes although MWD116 was, in retrospect, stopped prematurely in the hanging wall. The intercepts in MWD121 and 123 (Section 74860E) and MWD122 (Section 73640, south of the spectacular MWD119 reported in the previous ASX release on 19 February 2007), provide further evidence of the strong lateral continuity of high-grade zones within medium-grade envelopes.

Highlights of the latest results include:

MWD120: 6 metres at 0.36% WO3 from surface.

MWD121: 3 metres at 0.59% WO3 from 36 metres down-hole.

MWD122: 5 metres at 0.57% WO3 from 288 metres down-hole, including 2 metres at 1.02%.

MWD123: 8 metres at 0.54% WO3 from 45 metres down-hole, including 3 metres at 1.09%.

MWD123: 9 metres at 0.61% WO3 from 98 metres down-hole, including 3 metres at 1.33%.

MWD129: 2 metres at 0.88% WO3 from 200 metres down-hole.

To date now, the results of 45 out of the 60 holes completed have been returned, with the last core samples scheduled for delivery to the laboratory mid-next week (circa March 7). A revised resource estimation is scheduled following receipt of all sample analyses and is anticipated to be available in early May.

A 12 tonne bulk sample taken for metallurgical tests is now in Perth and the company expects progress on the metallurgical extraction process to accelerate over the coming months.

More detailed data concerning the location and mineralised intercepts from these 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)
MWD116	73740	92600	342	-60	147.1
MWD120	74067	92218	342	-60	176.6
MWD121	73950	92170	342	-60	329.7
MWD122	73635	92100	342	-60	351.0
MWD123	73857	92213	342	-60	338.6
MWD129	73954	92555	342	-60	230.9

Co-ordinates are expressed in local grid

Table 2 - Analytical Results Summary

Hole No.	From (m)	To (m)	Interval (m)	Analysis (% WO ₃)
MWD116	26	27	1	0.20
MWD120	0	6	6	0.36
MWD120	12	13	1	0.11
MWD120	20	21	1	0.17
MWD120	48	51	3	0.38
MWD121	28	31	3	0.13
MWD121	36	39	3	0.59
MWD121	227	233	6	0.26
MWD121	259	274	15	0.24
includes	260	265	5	0.44
MWD122	288	293	5	0.57
includes	289	291	2	1.02
MWD123	39	42	3	0.33
MWD123	45	53	8	0.54
includes	50	53	3	1.09
MWD123	62	63	1	0.81
MWD123	69	70	1	0.14
MWD123	74	75	1	0.52
MWD123	80	86	6	0.34
MWD123	98	107	9	0.61
includes	98	101	3	1.33
MWD123	295	296	1	0.13
MWD129	85	86	1	0.38
MWD129	200	202	2	0.88

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 information in this report that relates to exploration results, mineral resources or ore reserves 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 his information in the form and context in which it appears."

For further details, refer to the company's website, www.vitalmetals.com.au or contact Mr Bill Ryan - 08 9388 7742 or 0417 172 923.