



Vital Metals Ltd

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

By ASX Online

Dear Sir/Madam

Confirmation of Further Scheelite at Watershed

Please find attached a media release / ASX announcement regarding the confirmation of further scheelite at Watershed.

Yours faithfully

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COMPANY SECRETARY

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Confirmation of Further Scheelite at Watershed

Vital Metals Ltd (ASX: VML) is pleased to release qualitative results of the early stages of its program of exploration for further mineralisation, additional to the recently published figures for Indicated and Inferred Resources at its Watershed scheelite (tungsten) deposit situated 170 kilometres north-west of Cairns in far North Queensland.

Diamond core drilling of targets comprising 'internal' and 'external' extensions to the current resource commenced at the Watershed Project at the end of May. A set of maps illustrating the major targets is appended.

Extensions to the existing known surface limits of the Watershed Deposit have been confirmed by recent exploration activities, including diamond drilling and detailed surface mapping.

1. Drilling:

The new diamond drill hole, MWD145, intersected multiple scheelite-mineralised intervals between 31 and 178 metres down-hole. Five intercepts, each varying in width between 2 and 25 metres, were encountered with indications in all zones of 'moderate' to 'strong' scheelite fluorescence when exposed to ultraviolet light.

While analytical data will not be available for some time, the mineralisation is visually comparable with many other high-grade intercepts encountered in the previous drilling programs and is likely to be of comparable grade.

Hole MWD145 was drilled on an azimuth of 342 degrees magnetic at a declination of -60 degrees and is located at 92700N, 73940E (local grid). This is an area not previously subjected to Vital's infill drilling in the northwestern sector of the Watershed deposit. The discovery encountered extends the mineralised domains used in the recent resource estimate by at least 50 metres to the west.

2. Surface mapping:

(a) Southern extensions: The presence of significant scheelite mineralisation south of the known surface limits of the Watershed deposit has been confirmed by surface mapping and ultraviolet night lamping. An additional three vein swarm zones have been identified between two previously known zones, in new drill access track excavations. These five vein swarm zones, situated between 85 and 285 metres south of the current southern limit of the deposit, contain coarse scheelite mineralisation of both vein and disseminated styles. Individual scheelite grains of up to 30mm have been noted. The area is shown in the attached maps.

(b) Northern extensions: Recent field mapping has confirmed the existence of a scheelite-mineralised arenite unit extending for at least 130 metres north of the current northern limit of the resource. As was the case for the new surface mineralisation observed in the southern extension area, this northern mineralisation is of both vein and disseminated styles. Very coarse scheelite crystals, up to 30mm in size, have been observed. The mineralisation, which is situated some 150 metres north of the northern limit of the current resource, remains open along strike.

These two discoveries auger well for a substantial extension to the overall size of the resource and support the company's general opinion that Watershed will prove to be a major world-class scheelite deposit, if it is not already classified as such.

Drilling is now concentrating in the north-western section of the deposit, which was not previously subjected to infill drilling and in the 90 metre wide (east-west) strip between the main eastern and western zones of mineralisation which were used to estimate the resource numbers to date.

Background

Vital Metals has been working on a pre-feasibility study of the Watershed scheelite deposit since October 2005. It recently released a global resource estimate for Watershed, which was carried out by RSG Global Consulting Pty Ltd.

The global resource estimate, at a lower cut-off grade of 0.1% WO₃, was 21.79 million tonnes at an average grade of 0.26% WO₃. The figure was classified as a combination of Indicated and Inferred, under the JORC Code criteria and was estimated using mineralised block sizes of 20 metres (east-west) by 20 metres (north-south) by 10 metres (RL/vertical). This global figure did not take account of any beneficial effects of selective mining, that is to say a more detailed estimate, using smaller mineralised block sizes, was not generated.

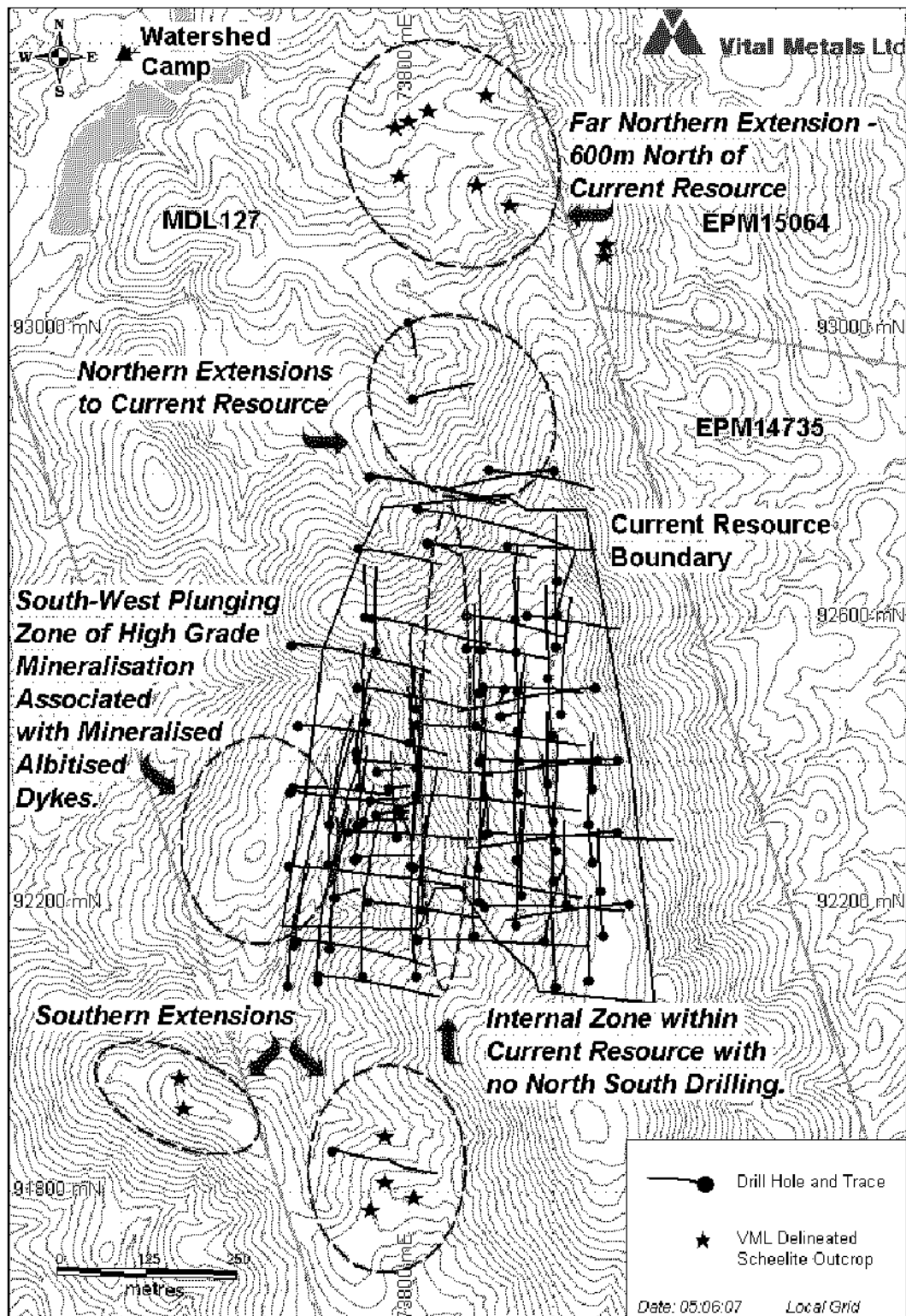
Vital's major objective, at this stage of its pre-feasibility study, is to prove up adequate tonnage of mineralised material to support an overall production level of 4000 tonnes WO₃ per annum for at least ten years (on the assumption that an economically viable mining operation is established).

A further objective is to expand the overall size/tonnage of the Watershed deposit to demonstrate the existence of a much larger deposit, and therefore that the scale of operation or a much longer mine life would be feasible.

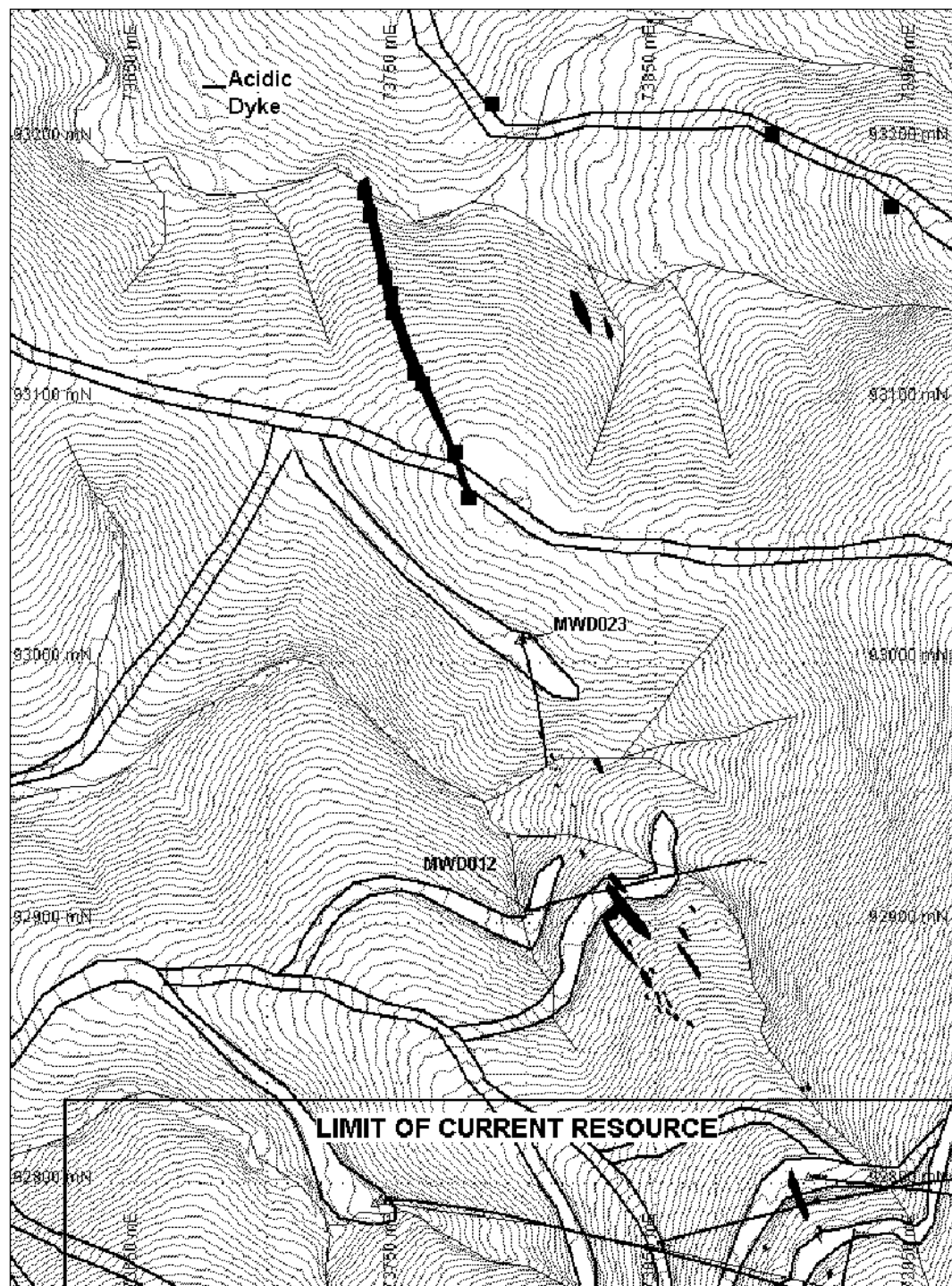
Note: "The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Bruce Arthur Pertzel, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Pertzel is an employee of Vital Metals Ltd and has sufficient 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 or contact Mr Bill Ryan - 08 9388 7742 or 0417 172 923.

TARGETS- 2007 DRILLING CAMPAIGN



Scheelite Outcrop North of Resource

**Figure 2****Vital Metals Ltd****Scheelite Outcrop****Favourable Cal-Sil Altered Units**

Date: 17.06.07

Scale: 1:2000 Local Grid

Scheelite Outcrop South of Resource

