



Vital Metals Ltd

25 June 2007

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

By ASX Online

Dear Sir/Madam

Presentation - Vital Metals Ltd

Please find attached the presentation to be given by Mr William Ryan in the Eastern States today and tomorrow.

Yours faithfully

John Adam Sobolewski
COMPANY SECRETARY

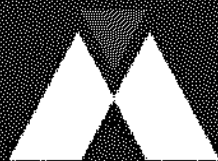
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Vital Metals Ltd

Used in everything from manufacturing steel
to electronics, the future for tungsten is bright.

www.vitalmetals.com.au



Vital Metals Ltd - Structure

- Issued capital
 - 81.1 million shares
 - 6.3 million unlisted options (\$0.20 - \$0.60)
- Raised \$8m (40m shares) at IPO (October 2005) and completed 10.5m share placement for \$4.4m (Nov 2006)
- Major Shareholders

Consolidated Minerals Ltd	11.1m - 13.7%
Stan Macdonald	8.0m - 9.9%
Breamlea P/L	5.6m - 6.9%
Rytech P/L	5.0m - 6.2%
Graham Riley	4.0m - 4.9%
	<u>33.8m</u> - <u>41.6%</u>



Vital Metals Ltd - Directors

Directors

- **William J (Bill) Ryan - Chairman & CEO**
- **D R (Ross) Kennedy - Geology**
- **A S (Andrew) Simpson – Metals Marketing**
- **C J (Colin) Hunter – Metallurgy**
- **M A (Mark) McAuliffe – Law**

Watershed Site





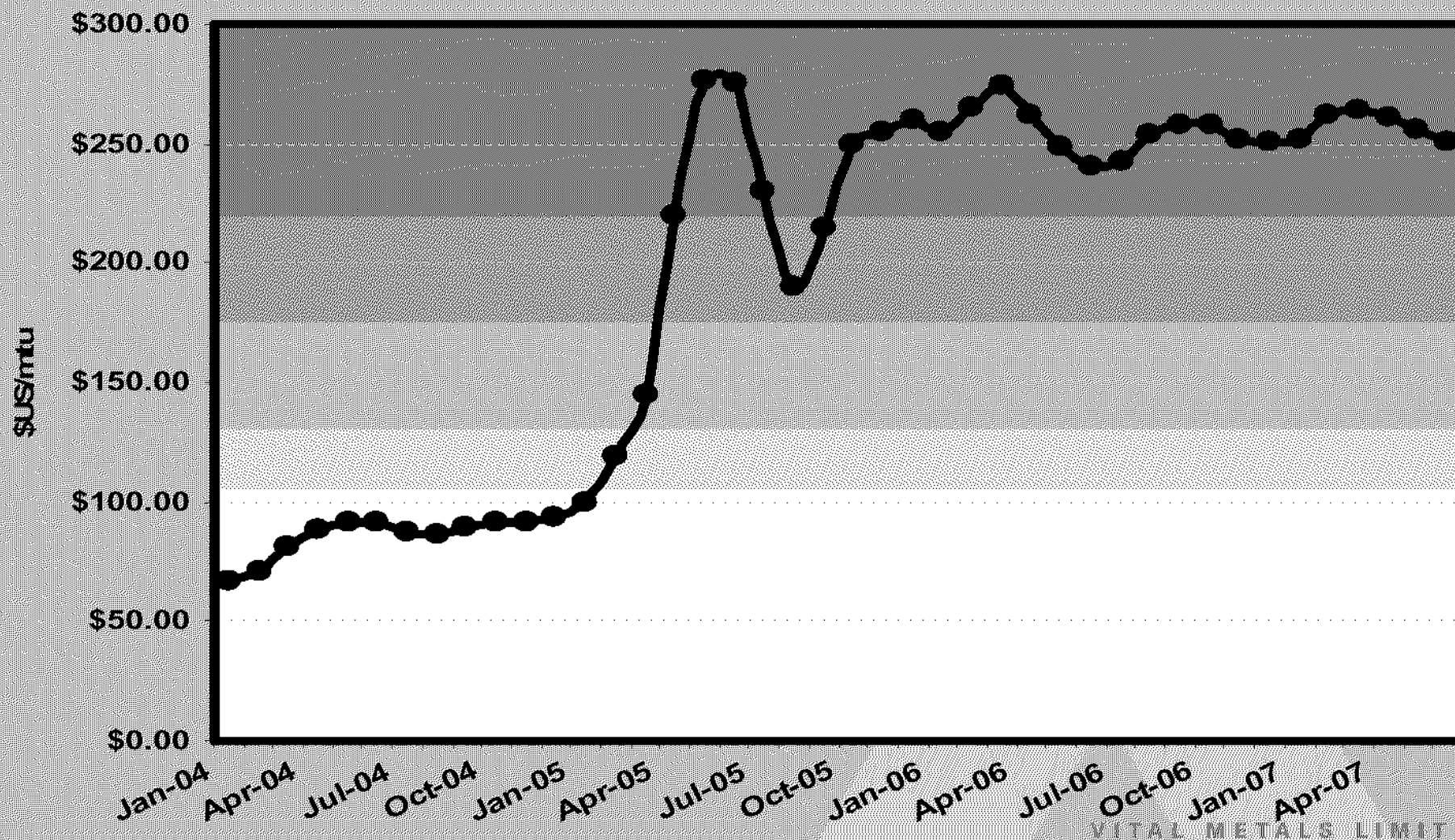
Changes in Tungsten Market since 2004

- **Global consumption increasing by at least 4% per annum (China rising at above 20% per annum)**
- **Chinese reserves and average grade declining**
- **Russian and American strategic stockpiles effectively exhausted.**
- **Chinese moving further downstream and increasingly starving other processors of raw materials.**
- **Annual supply gap of approximately 4000 tonnes p.a. developing over next five years.**



Tungsten Prices 2005-2007

Tungsten (APT) Price Chart



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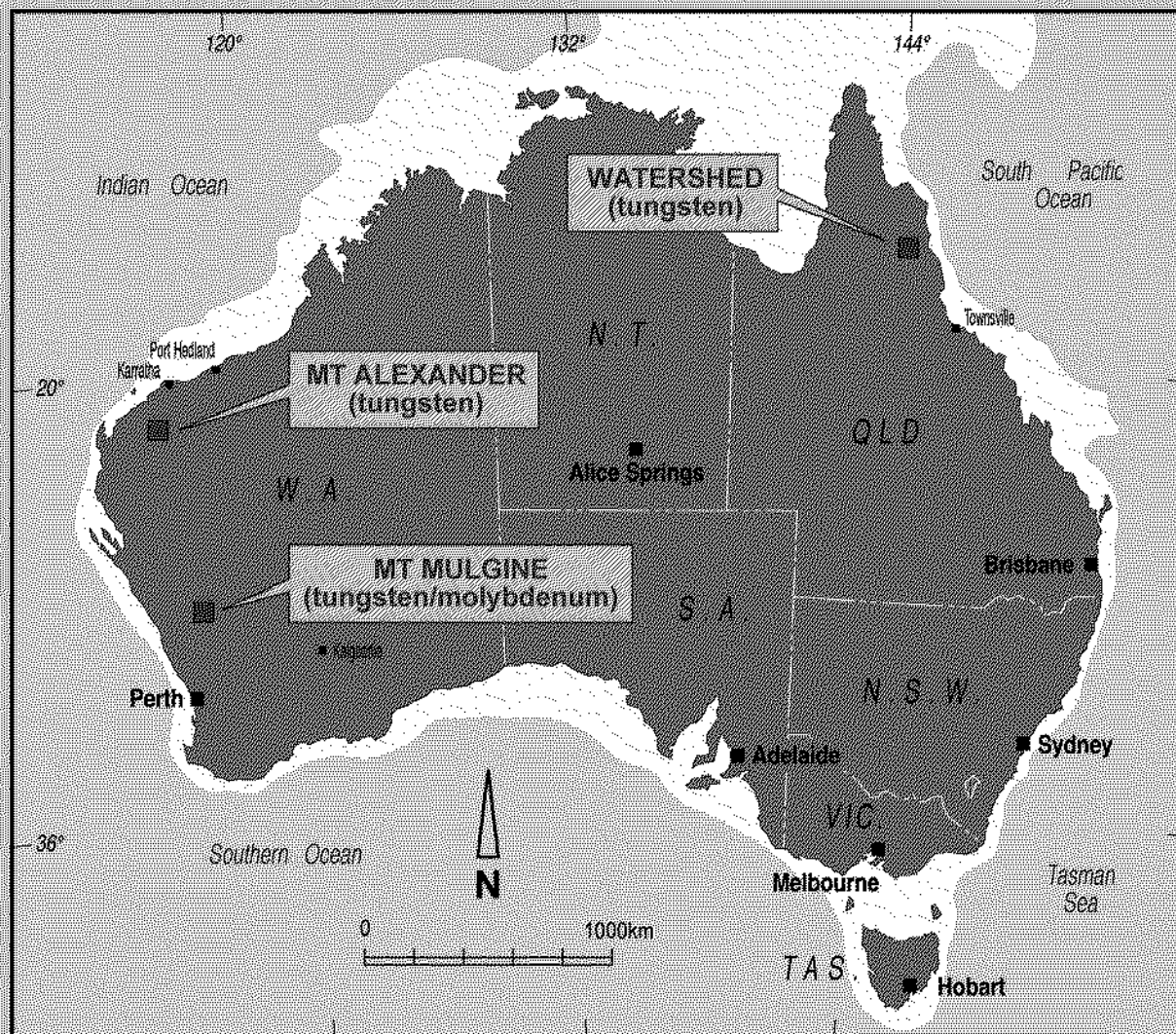


Potential Non-Chinese Tungsten Mines

- Chinese mine grades declining
- Need for new, non-Chinese, supply sources
- Potentially three major new tungsten mines scheduled for production within 3 years - outside of the Eastern Block
 - Watershed (Australia) – 21.79mt at 0.26% WO_3
 - Open cut mining, pre-feasibility underway
 - Nui Phao (Vietnam) - 60mt at 0.2% WO_3
 - In construction phase - 5000 tpa planned output
 - US\$320m capex
 - Recently taken over for \$270m for 70% of Project
 - King Island (Australia) - 13.2mt at 0.64% WO_3
 - Feasibility study in progress



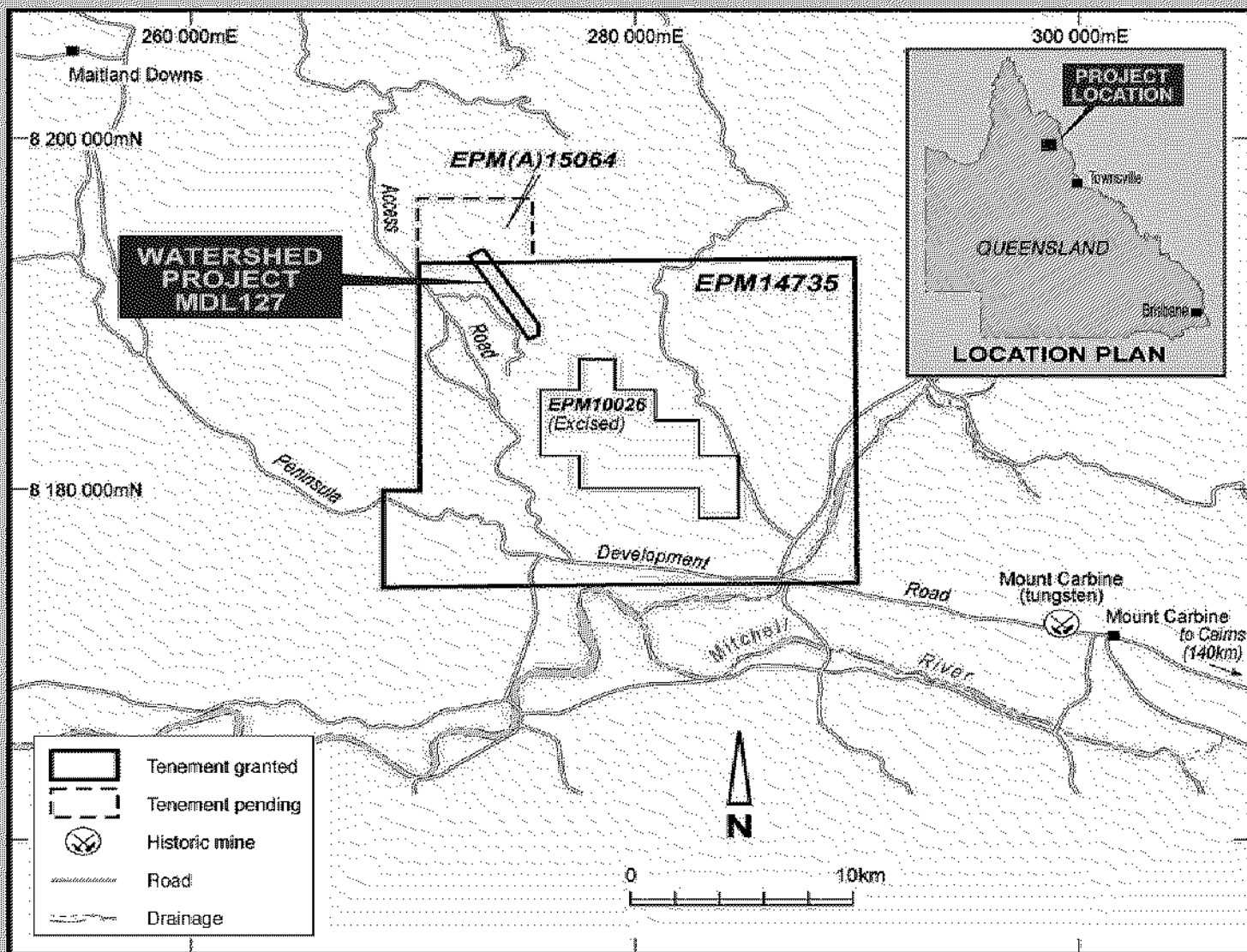
Project Location Map



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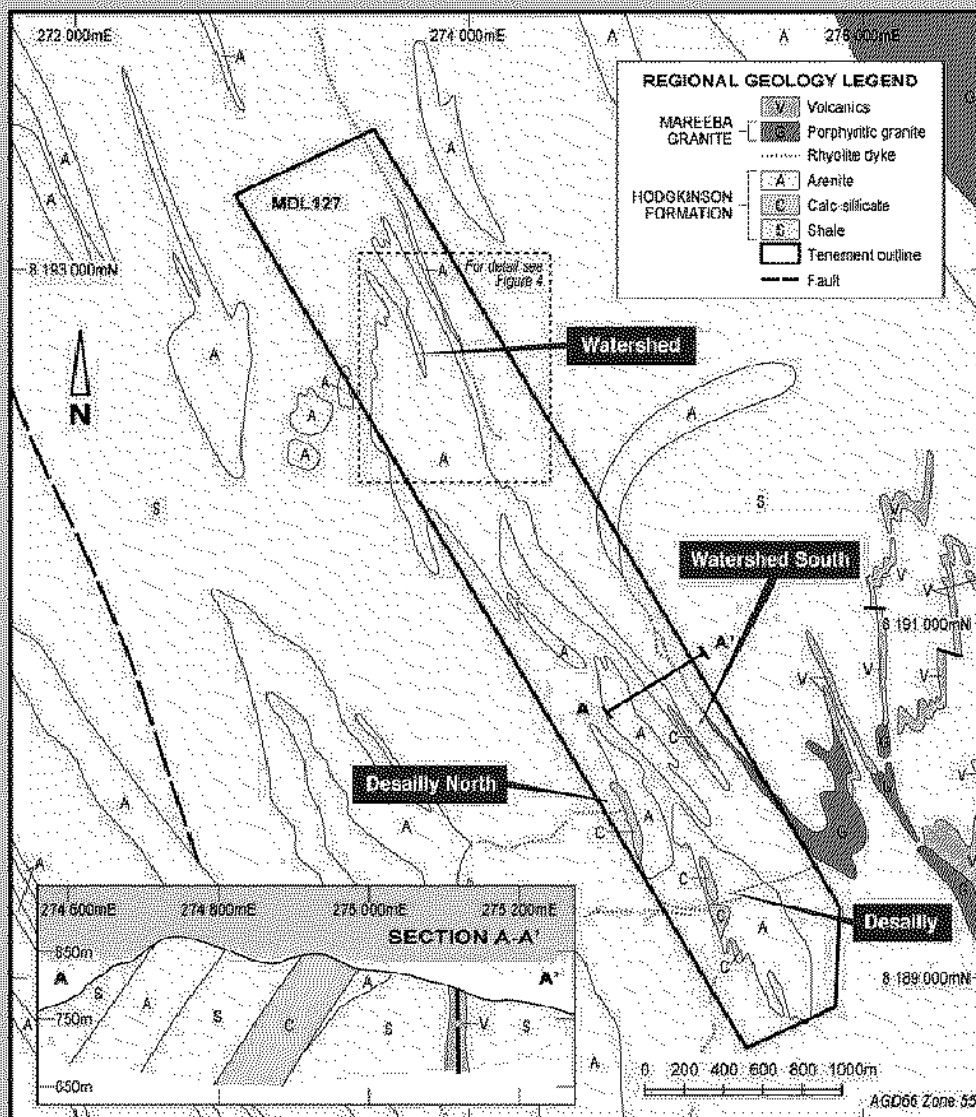
Watershed – Location Map



Watershed – View East



Watershed – Geology



Located 25km NE of Mt Carbine
wolframite mine worked through
the 1980's

Widespread tungsten targets with
defined ore body in N part of area.

Strong evidence of northern and
southern extensions



Watershed – Development Plans

- Development study based on output of 4000 tpa of contained WO_3 in concentrates (6.5% of world market)
- Value of production at current price ~ A\$100m pa
- Deposit outcrops atop 180 metre high ridge
- Excellent logistics
- Located 100km from regional centre (Mareeba)
- Simple open cut mine
- Ore suitable for pre-concentration followed by gravity and flotation
- Marketing investigations well advanced



Watershed Project - Resources

- Primary objective to prove 10 years ore at 4000 tpa WO_3 (recovered) ~ 50,000 tonnes WO_3
- RSG Global new global resource estimate (Indicated/Inferred) completed June 07

21.79mt at 0.26% WO_3 for 56,300 tonnes WO_3 contained

- Selective mining can greatly improve grade
- Resource open to the north, south and at depth
- Small area of grade-control, close-spaced RC drilling needed and proposed for August



Watershed – Key Milestones

- **Global Resource estimate (RSG) – June 07**
- **Ore Sorting update – June 07**
- **Final Terms of Reference (EIS) – June 07**
- **Complete detailed scoping study on mine design – Aug 07**
- **Upgrade Resource Classification (to Indicated Status) – Sept 07**
- **Finalise metallurgical flowsheet – Sept/Oct 07**
- **Finalise marketing arrangements – Aug/Sept 07**
- **Complete EIS – Oct/Nov 07**
- **Complete phase 2 of exploration – Dec 07**
- **Complete Native Title arrangements – Mar 08**
- **Complete full BFS – March 08**
- **Clear EIS – Oct 08**
- **Decision to mine/commence construction – Oct 08**
- **First Production – Late 2009**



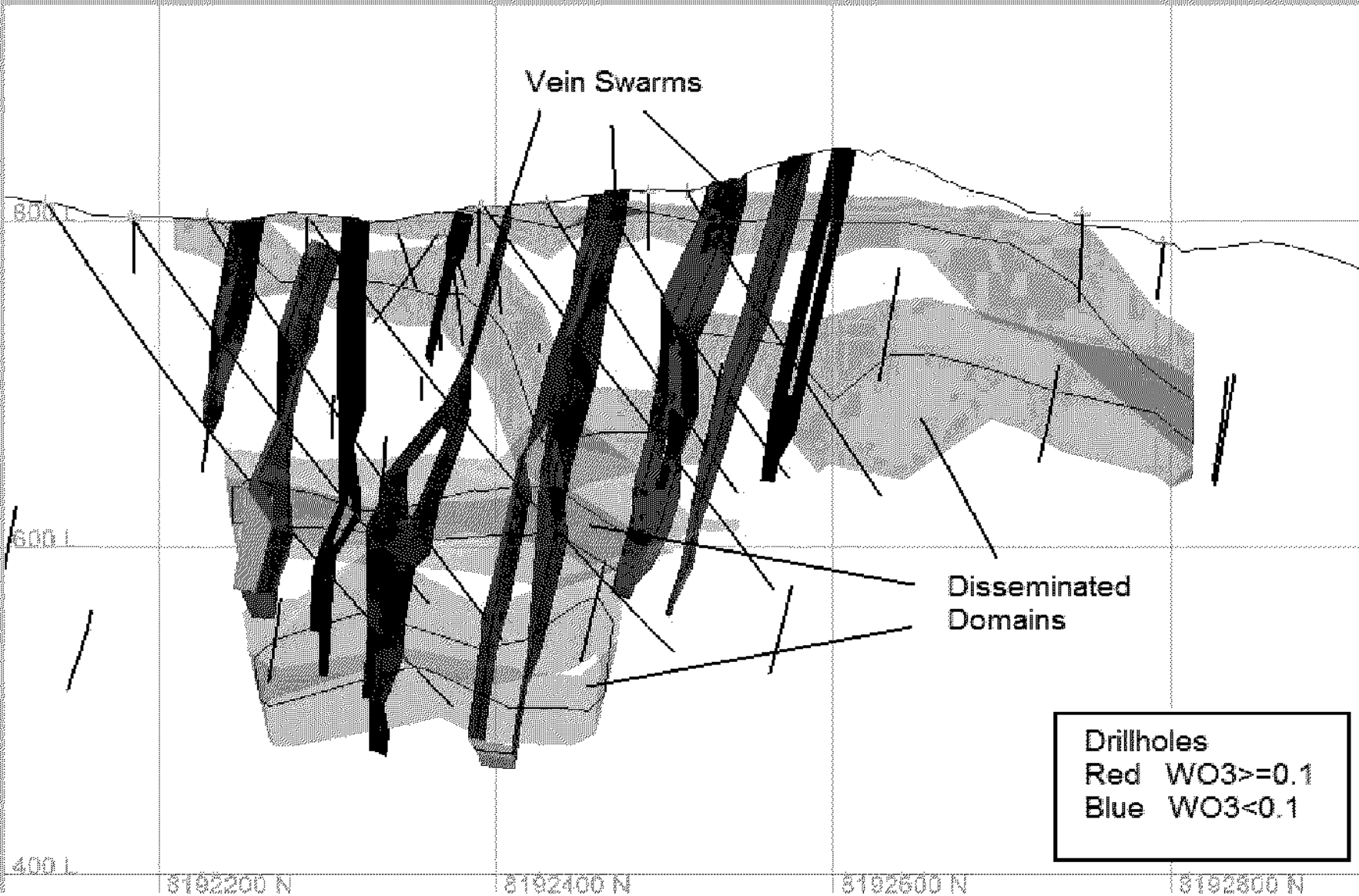
Watershed Model – Plan View



ALS LIMITED



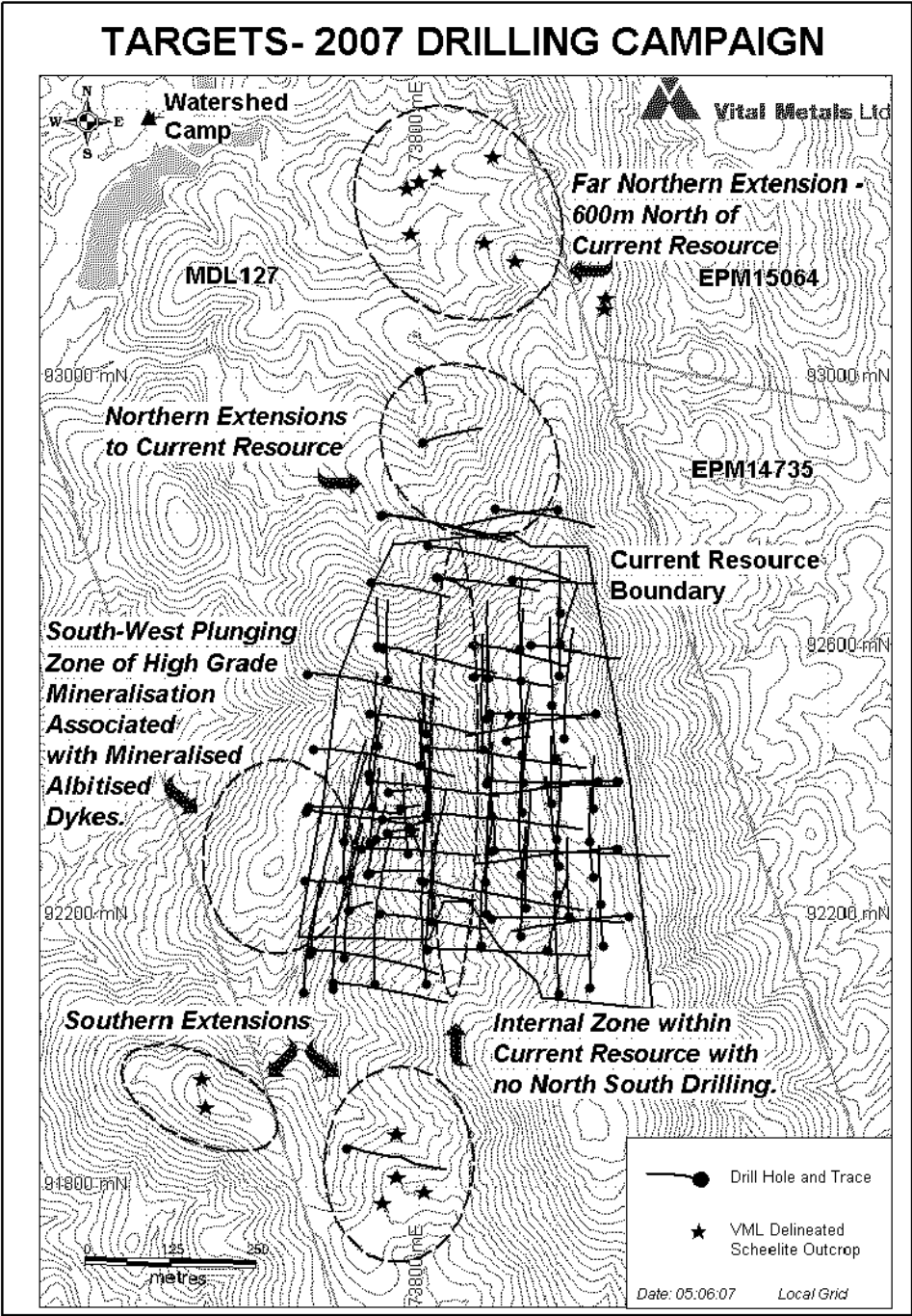
Watershed Model – N/S Cross Section



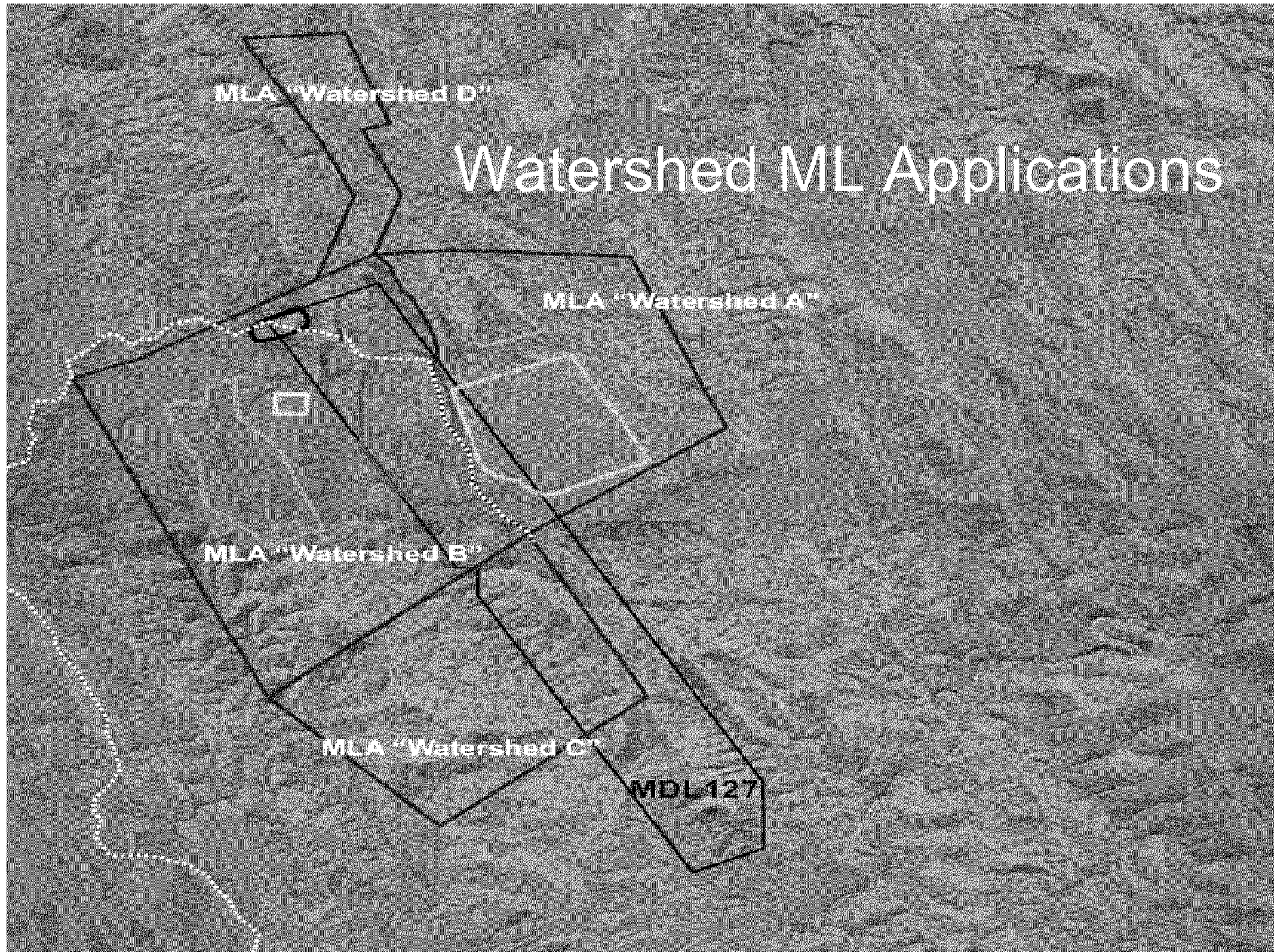


Watershed - Depth & Lateral Potential

- Recent drilling confirms resource continues at depth – now 74m below deepest UDC intercept
- Drilling to expand global resource re-commenced end May
- Six major targets within and adjacent to known resource
- High potential for major expansion of current resource numbers in six targets, including
 - Central section between east & west zones
 - Deep high-grade SW area
 - North and south extensions
- Surface mapping confirms scheelite mineralisation continues 600m north of previous limits



Watershed ML Applications





Watershed – Albitised Granite Target

- Re-logging of Utah core has defined high grade scheelite in slivers (0.2 to 1.2m) of albitised granite
- Five occurrences found in 15 holes
- These are probable dykes parallel to stratigraphy
- Interpreted as probable conduits of mineralisation from deeper granite source
- Source potential large high grade target
- Will be pursued as secondary exploration target as drilling continues
- Exciting large-scale potential additional to defined mineralisation



Watershed Project - Metallurgy

- **Metallurgical route may use ore sorting followed by gravity recovery and flotation.**
- **Lab scale X-Ray Ore Sorting tests completed**
- **Ore sorting on High and Medium grade material showed very high recovery (+ 90%) with rejection of about 50% of tonnage**
- **Detailed conventional Mineral Dressing tests in progress**
- **Large (2 x 50 tonne) bulk samples due for major sorting and pilot plant trials in July/August**
- **Samples for potential customers**



Watershed Project - Environmental

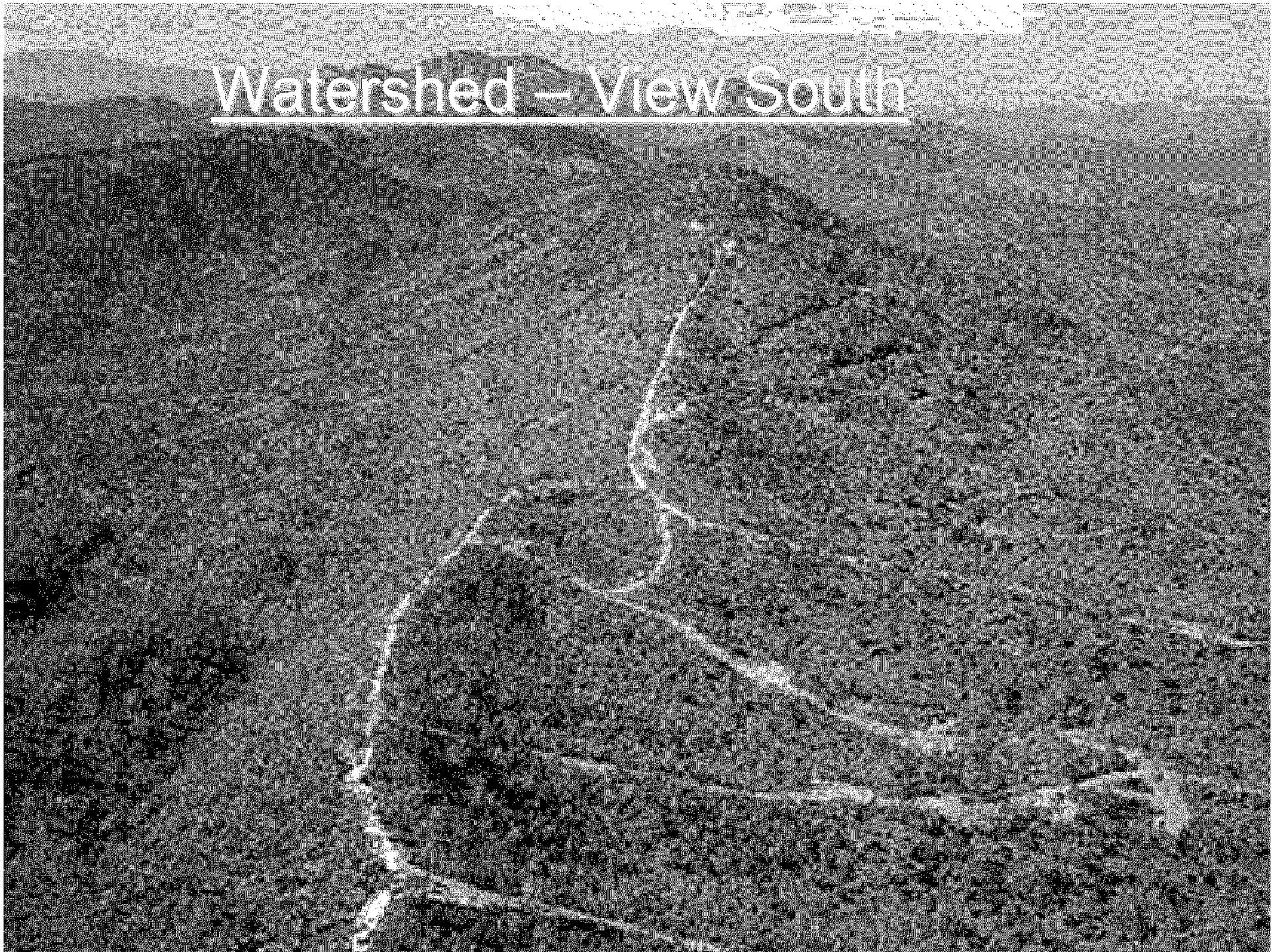
- **Vital has elected to complete a formal EIS**
- **EPBC clearance with Canberra completed**
- **Draft Terms of Reference for EIS finalised**
- **Completed flora/fauna surveys form bases of EIS**
- **Other work in progress**
- **EIS approval will be timing determinant - estimated clearance in late 2008**
- **Native Title negotiations well advanced as RTN or ILUA**



Watershed Infrastructure

- **Current access track will upgrade to all-weather road**
- **Grid power at 132kV available 23km away on Highway**
- **Accommodation village will be built 3km north of mine**
- **Personnel will drive in/out from Mareeba or fly in/out from elsewhere**
- **Water supply from underground and surface catchments**

Watershed – View South





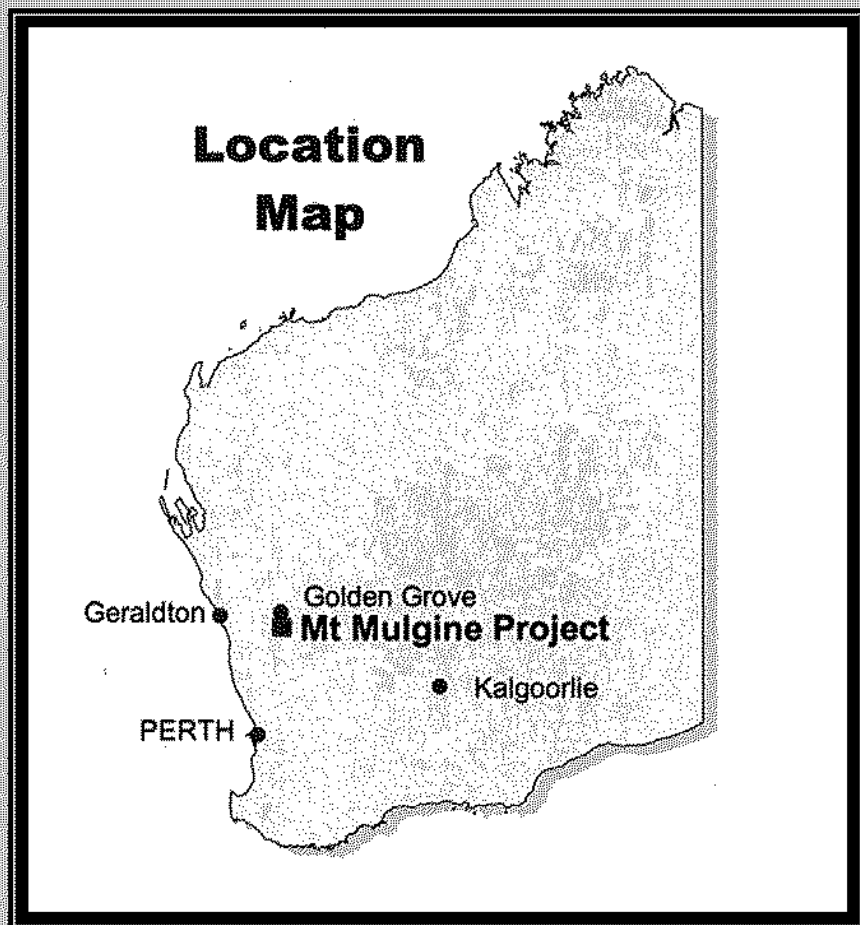
Watershed Timing

- **Preliminary Mining study (o/c & u/g) completed by RSG-Global – Aug 2007**
- **Metallurgical Flow Sheet – September 2007**
- **Native Title – March 2008**
- **EIS Clearance – October 2008**
- **Feasibility Study complete early 2008**
- **Marketing strategy to be complete by late-2007**
- **High Level of interest from international buyers**
- **Production scheduled for late 2009**

Watershed – View East



Mt Mulgine – WA (VML earning 70%)



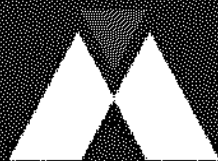
- Vital earning 70% from GBG for spending \$0.75m by Oct '08
- Currently spent ~ \$0.48m
- Extensive, low-grade tungsten & molybdenum mineralisation
- May be stand-alone Mo mine
- Warrants new look

Mt Mulgine - WA

- **Extensively drilled by multiple explorers (1965/85)**
- **Very large target**
- **Resources (non-JORC Compliant)**
 - * **Hill deposit: 5.09mt @ 0.24% WO_3**
 - * **Trench deposit: 84mt @ 0.14% WO_3 , 0.045% Mo from surface**
 - open to SW, NE & at depth
 - * **Vital seeking extensions, new targets & new methodology**
 - * **Opportunities for Ore Sorting using Watershed experience**

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