



29 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

Vital Placement and Rights Issue

Please find attached an ASX announcement and a press release regarding a placement to sophisticated investors and a non-renounceable rights issue.

Yours faithfully

John Adam Sobolewski
COMPANY SECRETARY

Vital Placement and Rights Issue

Vital Metals Ltd (ASX: VML) is pleased to announce that the Company has raised \$6,600,000 (before costs) through a placement of 11 million fully paid ordinary shares at a price of 60 cents each, to institutional and sophisticated clients of Bell Potter Securities Limited.

In addition to the placement, the Company will raise \$6,903,750 (before costs) from a fully underwritten pro-rata non-renounceable Rights Issue pursuant to a prospectus which was lodged with the Australian Securities and Investments Commission on Friday, 29 June 2007. The Rights Issue is fully underwritten by Bell Potter Securities Limited. The Company will be offering 11,506,250 shares at an issue price of 60 cents each on the basis of one new share for every 8 shares held at the Record Date, together with 5,753,125 new options on the basis of one free attaching new option for every 2 new shares exercisable at 80 cents on 31 August 2008. Application will be made to the ASX for listing of these options.

The funds raised will be used towards completion of the Feasibility Study of the Watershed Project and for general working capital purposes.

Vital \$13.5m Raising To Fund Watershed Study

Vital Metals Ltd (ASX: VML) has attracted strong institutional and investor support through a placement to raise \$6,600,000 (before costs) in conjunction with a fully underwritten rights issue to fund the feasibility study of its Watershed Tungsten Project and provide working capital.

Under the placement 11 million new, fully paid ordinary shares will be issued to institutional and sophisticated clients of Bell Potter Securities Limited at a price of 60 cents each.

The Company will also raise a further \$6,903,750 (before costs) through a fully underwritten, pro-rata, non-renounceable rights issue pursuant to a prospectus lodged with the Australian Securities and Investments Commission on Friday 29 June, 2007.

The Company is offering 11,506,250 shares at 60 cents each on the basis of one new share for every 8 shares held at the Record Date, together with 5,753,125 new options on the basis of one free attaching new option for every 2 new shares exercisable at 80 cents on 31 August, 2008. Application will be made to the ASX for listing of these options.

Executive Chairman Mr Bill Ryan welcomed the Company's new shareholders and said the funds raised as a result of their strong support would be applied towards completion of the Watershed Project's Feasibility Study and for general working capital purposes.

"Watershed is a major tungsten deposit by world standards and provides a firm basis for Vital Metals to continue with its plans to attempt to develop a mine to produce scheelite concentrates containing some 4,000 tonnes of tungsten a year with a long-term mine life," he said.

"The project is at a crucial phase of its development and your Directors hold strong hopes for its future."

Terms of Reference (ToR) for the formal Environmental Impact Statement for the project in far North Queensland were finalised late last week, enabling the roll-out of the remaining impact assessment studies to get underway.

About Vital Metals

Vital Metals Ltd is a public company which listed on the ASX in October 2005 to take advantage of the surging demand for minor steel alloying metals, specifically tungsten (chemical symbol W) and molybdenum (chemical symbol Mo).

Tungsten is a specialty material used predominantly as a "hard metal" for various applications. The demand for these metals has risen sharply along with the price and a strong future is forecast for tungsten in particular.

Vital is concentrating its activities and expenditure on its flagship Watershed deposit in North Queensland, and has also commenced field work at Mt Mulgine and Mt Alexander.

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.