



ASX / MEDIA ANNOUNCEMENT

22 April 2008

## Market Update

### Construction on Schedule for Completion in 2008

#### Key points

- On target for mechanical completion later this year
- Project fully funded to end of construction and commissioning
- Financing completed to bring forward commencement of mining to September 2008
- Strong vanadium prices driven by world supply shortages

Windimurra is pleased to provide an update on the development of its world class vanadium project near Mount Magnet, where it continues to make excellent progress with construction and is on schedule for completion later this year.

#### Procurement and Construction

At the end of March, 52% of the total budget had been spent or committed and the project was 50% complete in terms of its overall timeframe. “We are on track for completion by the end of 2008” the managing director, Dr Iain Scott commented.

Construction activity levels on site continue to increase as planned. There are currently more than 180 people on site and this will rise further following the recent award of the \$30m structural, mechanical and piping (SMP) package. The SMP contractor mobilized to site in early April.

Significant volumes of concrete have been poured with approximately 800m<sup>3</sup> of concrete, representing 50% of the total requirement, now complete. Other areas are also showing good progress. Last week Windimurra took another step forward with the recommendation for award of the electrical and instrumentation package at below budget.

All critical long lead items have been procured. The South African equipment suppliers responsible for the supply of the kiln off gas equipment, the reduction furnace and the electric arc furnace are performing well and remain on time and on budget.

Mineral Resources Limited, the beneficiation plant BOOT contractor, is currently ahead of schedule. The crusher and stockpile conveyor footings are complete and work is underway on the crusher structures and stockpile tunnel. The fixed price nature of the beneficiation plant contract assists in containing any budget price pressures in this area.

#### Finance

The company is in a very strong cash position, with \$220m in the bank. Based on the latest cost to complete forecast, this funding is sufficient to complete construction and commissioning.



In March the Company raised an additional \$25.2 million through a share placement, following successfully completing a US\$127.5 million debt funding facility and a \$54.8 million entitlement issue earlier in the year.

### **Project Improvements**

As a result of the successful raising of additional capital through the placement, Windimurra has been able to bring forward mining by three months to September 2008. The earlier start will ensure the optimal ore blend is available for the start of process commissioning. This will improve vanadium recoveries through the beneficiation plant circuit during the critical early stages of production and enhance overall profitability.

### **Vanadium Market**

Project economics have also been boosted by the strength of vanadium prices. During 2008, vanadium prices have been trading at 20 year highs, following interruptions to global supply. The power shortages that have disrupted production in South Africa and have lead to the cancellation of some growth projects, look set to continue for a number of years. Robust vanadium market fundamentals have resulted in the current historically high price levels of US\$60/kg.

“We are looking forward to completing the project later this year so that we can capitalise on the current strong prices,” Dr Scott said



**Windimurra Construction Site in Early April**



## Background

*Windimurra Vanadium Limited (WVL) is a mining company based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX:WVL). The Company's focus is the development of the world class Windimurra Vanadium Mine, located 600km north east of Perth in WA's Mid-West region.*

*WVL has a strategic alliance and off-take agreement with leading global supply chain manager, Noble Group Limited, based in Hong Kong. Noble has agreed to purchase the total vanadium output of the Windimurra mine, at prevailing market prices for the life of the mine.*

*Windimurra contains one of the largest reported proven vanadium Ore Reserves in the world with current mineable reserves of 79.0 million tonnes at a bulk grade of 0.47% V<sub>2</sub>O<sub>5</sub> (vanadium pentoxide), which will underpin an initial mine life of 20 years at the proposed mining rate of 3.9mtpa. A total of 148 million tonnes of resources have been modelled at a bulk grade of 0.46%.*

*The quality of the ore body, the opportunity to use the latest proven technology and the scale of the project, that will produce 8% of the worlds' vanadium, combine to ensure that Windimurra will be a low cost producer.*

*The Windimurra mine was originally built by the Company with a joint venture partner in 1999, and, whilst operating, was the world's largest primary vanadium mine, gaining recognition as one of the highest-quality sources of vanadium in the world market.*

*Since 2003, world demand for vanadium and the price of the commodity have increased strongly, largely driven by growth in Chinese steel production. Marketing studies commissioned by WVL forecast that vanadium demand will continue to increase through 2015 at a compound annual growth rate of 7.8%.*

**For more information, please visit [www.windimurra.com.au](http://www.windimurra.com.au)**

## For further enquiries call:

**Dr Iain Scott**  
Managing Director  
Tel: +61 (0) 8 9423 1900

**Warrick Hazeldine**  
Purple Communications  
Tel +61 (0) 89485 1254  
0417 944 616