



ASX / MEDIA ANNOUNCEMENT

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MARKET UPDATE

Windimurra Construction on Schedule for Completion in Q4 2008

Key points

- The Project remains on target for mechanical completion later this year
- Operational procurement and recruitment is well underway
- Funding remains sufficient to complete construction and commissioning
- The Project construction remains within budget parameters
- Varanus Island gas disruptions expected to have no effect on the Project
- Project economics supported by strong vanadium prices

Windimurra Vanadium Limited (ASX:WVL) is pleased to provide an update on the development of its world class vanadium project near Mt Magnet, where it continues to make excellent progress with construction and remains on schedule for completion later this year.

Windimurra Managing Director, Dr Iain Scott said the Company expected to complete construction of the plant by Q4 2008, with the plant to finish commissioning in early 2009.

"We are on schedule, and by the first quarter of 2009 expect to recommence as one of the world's premier suppliers of high grade ferrovandium," Dr Scott said.

"Despite operating in an environment that is subject to significant cost pressures, the project remains within key budget parameters, and the Company has sufficient cash to take the project into production," Dr Scott said.

Construction and Procurement

At the end of June, 41% of the total budget had been spent, with a further 34% committed under contract awards bringing the total amount spent or committed to 75% of the overall project construction budget.

Construction activity on site continues to increase in line with schedule. Windimurra currently has more than 290 people working on site with numbers expecting to peak at over 400 after July.

All critical long lead items have been procured. The kiln off-gas equipment, the reduction furnace and the electric arc furnace has been completed on time and on budget. This equipment is currently being loaded for shipping from South Africa at the end of July.

Mineral Resources Limited (MRL), the beneficiation plant Build Own Operate and Transfer (BOOT) contractor, is currently ahead of schedule and approximately 55% complete. Primary, secondary and tertiary crushers are installed. The stockpile tunnel installation is complete, the HPGR is on site and work is underway on the ball mill foundation and the beneficiation area. The fixed price nature of the beneficiation plant contract assists in containing any cost pressures in this area.



All major construction contracts have been awarded. Recent awards include:

- Electrical and Instrumentation;
- Gas Inlet Delivery Station and Interface;
- Kiln Mechanical Refurbishment;
- Kiln Refractory Supply and Installation;
- Borefield Pipelines Supply and Installation; and
- Construction of Tailings, Calcine and Barren Liquor Storage Facilities.

Operational Readiness

Over the last quarter the remaining key operational contracts were let including the:

- Mining Contract;
- Supply of Aluminium Granules;
- Supply of Soda Ash; and
- Operational Transportation and Logistics Agreement.

The operational contracts awarded to date, including the BOOT beneficiation plant contract with MRL, represent approximately 72% of the Project's operating costs, 90% at fixed prices, mitigating the risk of significant cost increases in these areas.

In order to mitigate risk on US dollar denominated ferrovandium sales, the Company has put in place foreign currency call options at 86 cents, sufficient to cover 75% of the Company's Australian dollar operating costs for the first three years of operation to December 2011.

Senior operational recruiting is ongoing with key appointments completed:

- General Manager Operations;
- Processing Manager;
- Technical Services Manager;
- Chief Mine Geologist;
- Environmental Manager;
- OHS Superintendent;
- Survey Manager; and
- Quarry Manager.

The recruitment of the remainder of the technical workforce and the operational staff is underway. The response to-date to job advertisements has been very positive.

Finance

The Company is in a very strong cash position, with \$179 million in the bank at the end of June.

Based on the latest cost-to-complete forecast, this funding remains sufficient to complete construction and commissioning.



Consistent with the funding plan for the project, the Company has secured approximately \$40 million of lease financing for the accommodation camp, power station assets and mining fleet.

As part of its risk mitigation process the Company has entered into an interest rate swap agreement to effectively fix the interest rate on the existing US\$90m senior loan for a period of three years.

Varanus Island Gas Incident

The Company has been closely monitoring the June 2008 gas incident at Varanus Island. The gas for the Project will be sourced from the John Brookes field facilities on Varanus.

Based on current information, the Company understands that partial gas deliveries from the John Brookes facilities on Varanus Island will commence in August 2008, ramping up to full production.

In these circumstances and given that the project will require its first commissioning gas in November 2008, at this point in time it does not appear that Windimurra's operations will be affected by the Varanus Island outage.

Vanadium Market

The Project economics continue to be boosted by the strength of global vanadium prices. During 2008, vanadium prices have traded at 20 year highs, fuelled by continuing strong world demand and tightening of global supply. Global production has been disrupted by power shortages in South Africa, which have led to the cancellation of some growth projects, and look set to continue for a number of years. Robust vanadium market fundamentals have resulted in the current historically high price levels in excess of US\$60/kg.

Marketing activities of the Company's vanadium product have commenced via the off-take agreement with Noble Group. The Company has already received strong market interest from a number of steel mills, and negotiations with these mills have commenced.

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Windimurra Construction Site in late June

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_2O_5 (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