



ACTIVITIES REPORT- QUARTER ENDED 31 DECEMBER 2007

HIGHLIGHTS

The quarter ending 31 December 2007 has continued to be one of significant achievement and transition for shareholders of Windimurra Vanadium (ASX: WVL). Key achievements have included:

- Securing the \$200M finance package required to complete construction and commissioning of the Windimurra Vanadium project. This includes US\$127.5M debt funding in addition to a A\$54.8M entitlement issue initiated in late December and due to close on 15 February 2008.
- Significant progress with project execution with 50% of project capital expenditure already spent and committed.
- Construction at the mine site commenced with the pouring of concrete for the Mineral Resources Ltd crushing and beneficiation plant.
- Planning and contractor selection completed for a 4,700 metre Reverse Circulation drilling program, with drilling starting early January 2008.
- The Company changing its name to Windimurra Vanadium Limited.

WVL is currently redeveloping the Windimurra mine, with first production targeted for the last quarter of 2008. The mine is expected to produce 6,400 tonnes per annum of ferrovanadium and 1,000 tonnes per annum of vanadium pentoxide, which will represent approximately 7% of the world market.

Windimurra is expected to be a lowest quartile cost vanadium mine.

For queries and information in respect of this report, please contact:-

Dr Iain Scott

Managing Director
Tel: 08 9423 1900
iascott@windimurra.com.au

Matthew Lilly

Legal Counsel/Company Secretary
Tel: 08 9423 1917
matthew.lilly@windimurra.com.au



Postal Address:

PO Box 620
West Perth WA 6872 Australia

Registered Address:

Level 4, 76 Kings Park Road
West Perth Western Australia 6005

Email: info@windimurra.com.au
Website: www.windimurra.com.au
Tel: (61 8) 9423 1900
Fax: (61 8) 9423 1999
ABN: 65 009 131 533
ASX Code: WVL

Corporate

Name Change

The Board on 16 October 2007 announced its intention to re-brand the organisation under the new name Windimurra Vanadium Limited to more accurately reflect the company's focus and direction. Windimurra Vanadium was already an established brand inside the company.

The change of name received more than 99% support from shareholders at the 26 November 2007 Annual General Meeting.

The name change was approved by the Australian Securities and Investments Commission on 13 December 2007. The Company started trading under the name on the Australia Stock Exchange under the code "WVL" on and from 24 December 2007.

The Company's head office and telephone contact details remain the same, with the Company website now available at www.windimurra.com.au

Financing

Windimurra has secured a \$US127.5 million debt financing arrangement.

This is a significant achievement for the Company and its shareholders – particularly in the current global credit market - and is testimony to the strength of the project's fundamentals.

WVL is particularly pleased with the strong financial commitment shown from the arranger, Merrill Lynch, as well as global logistics leader and marketing partner Noble Group. The two organisations have participated at a significant level in the US\$127.5 million (approximately A\$145 million) debt placement.

This financing together with the recently announced A\$54.8 million fully underwritten entitlement issue (see below) represents the entire A\$200m funding package necessary to fully fund the development of the Windimurra project and is a key milestone in its development.

A\$54.8 Entitlement Issue

Windimurra has issued a Prospectus for a non-renounceable entitlement issue to raise approximately \$54.8 million.

The Prospectus for the entitlement issue was lodged with the Australian Securities & Investments Commission on 18 January 2008.

The entitlement issue provides an opportunity for existing shareholders to further participate in the development of the Company, as it heads toward production at its Windimurra Vanadium project next year.

Under the entitlement issue, each shareholder eligible to participate will be entitled to subscribe for one new ordinary share in Windimurra for each three existing ordinary shares registered in their name at 3.00pm (Perth time) on 29 January 2008.

Windimurra will issue approximately 34.25 million new ordinary shares under the entitlement issue at an issue price of \$1.60 per share, which is a 10.1% discount to the closing sale price on 17 January 2008 of \$1.78. The entitlement issue will include an additional share facility allowing shareholders to apply for additional shares not taken up by other shareholders.

The entitlement issue is fully underwritten by Euroz Securities Limited and fully sub-underwritten by significant shareholder, Territory Resources Limited (ASX:TTY).

Project Development

Project Execution

Project execution is now well underway with all long lead equipment now on order. Key items of equipment have been supplied from South African manufacturers with long association with the vanadium industry. Mining equipment including trucks, bulldozer, grader and ancillary equipment are on order. Power generation equipment has been received into Australia and is ready for shipment to site.

EPCM teams are now in place and at the end of December some \$123M had been spent and committed representing 50% of the of the project's capital budget of \$250M (\$208M after adjusting for items of equipment to be subsequently leased).

Site activities have concentrated on the establishment of the facilities for construction as well as some clean up. The Camp has been progressively expanded where 130 rooms are currently available while the ultimate capacity of the Camp will be 370 rooms. A new kitchen/diner, gymnasium and associated facilities are also in place. Site offices and facilities for construction are on site and progressively being installed.

The major construction packages of concrete works, structural, mechanical, piping and platework have all been tendered and are either awarded or about to be awarded.

Mineral Resources Limited, the BOOT contractor for the beneficiation section of the plant has commenced on site and is progressing with pouring concrete foundations.

Construction for the remainder of the plant will commence in February with concrete pouring.

The project remains on track for completion in the 4th quarter of 2008.

Operations planning

In total, approximately 18 operations contracts for the provision of services, materials and reagents are required to be put in place for the plant to move to its operating phase. A number of these contracts were concluded during the quarter.

A 5 plus 5 year agreement was executed with Penrice Soda Products for that company to supply the mine with its soda ash requirements for the roasting kiln. Contracts were also concluded for the air charter providing the commute to site as well as site catering and cleaning services.

As of December 31 2007, 7 of the most commercially significant contracts for the operation had been executed representing 60% of the expected annual operating cost of the project.

Recruitment for the operating phase continued during the quarter, the most significant role occupied being that of Chief Operating Office which has been filled by Martin Reed. Martin brings considerable experience to the Company having worked in numerous senior management roles in the mining industry for over 30 years. This includes responsibility for establishing the Jundee and Bronzewing mines for Great Central Mines Ltd, experience which is particularly relevant for the restart of the Windimurra Vanadium project.

Windimurra will require 120 personnel when in operation. Thus far 10% of this workforce has been recruited and the ongoing recruitment activity has been received with considerable enthusiasm by future potential employees.

Exploration

Planning for a 4,700 metre drilling program was completed in the quarter. Ausdrill have been contracted to provide a Reverse Circulation drilling rig in early January 2008. The program will focus on infill drilling the initial 20 million tonne, 5 year Central Pit to gain additional grade information and bring the entire reserve to proved classification. Additionally, expectations are that magnetite mineralisation will be shown to extend down dip in a westerly direction.

Sample analysis will include further ore characterisation work in order to enhance mine planning and production scheduling in the early stages of operation.

Marketing

Vanadium demand has continued to be in reasonable balance, tending towards tight supply. The Chinese Central Government announced increased export taxes for vanadium pentoxide and ferrovandium for 2008. The higher tax is expected to increase prices for Chinese vanadium products in the main markets outside China.

Ferrovandium prices remained in the range of US\$36-39 per kilogram of contained vanadium for most of the December quarter. Market development activities continued in preparation for the start of production.

Yours sincerely



By Order of the Board
WINDIMURRA VANADIUM LIMITED
DR IAIN SCOTT
Managing Director

Diagram 1- Location Map

