



ACTIVITIES REPORT- QUARTER ENDED 31 MARCH 2008

HIGHLIGHTS

The quarter ending 31 March 2008 has continued to be one of significant progress and transition for shareholders of Windimurra Vanadium (ASX: WVL). Key highlights have included:

- Completed the US\$127.5m debt raising on 14 January 2008
- Closed the A\$54.8m entitlement issue on 15 February 2008.
- Placement of 12.6m shares at \$2.00 per share, raising \$25.2m in March 2008.
- Procurement and construction proceeding on schedule for start of commissioning of the processing plant in December Quarter 2008
- A reverse circulation drilling program has upgraded the majority of resources for the first 5 years of production to measured category.
- The appointment of Dr Wolf Martinick as Chairman of the Board of Directors.
- Key 10 year supply agreement for soda ash signed with Penrice.
- Current historically high price levels of US\$60/kg due to robust vanadium market fundamentals.

WVL is currently redeveloping the Windimurra mine, with commissioning targeted for the last quarter of 2008. The mine is expected to produce 5,700 tonnes per annum of vanadium as ferrovandium, which will represent approximately 8% of the world market.

The quality of the ore body, the opportunity to use the latest proven technology and the scale of the project mean that Windimurra is forecast to be a low cost producer.

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Corporate

Appointment of Dr Wolf Martinick as Chairman

Dr Wolf Martinick was unanimously elected Chairman of the Board of Directors on 7 March 2008, following the resignation of Mr Michael Kiernan and Mr Andrew Simpson from the Board.

Dr Martinick has extensive experience at Board level. He is a non-executive director of a number of ASX companies including Azure Minerals Ltd; Carbine Resources Limited; Sun Resources Limited; Uran Limited; and is Chairman of Ezenet Limited. He is also the founding Chairman of Weatherly International Limited, an AIM listed mining house with extensive copper exploration, mining and smelting interests in Namibia and Zambia. He has established good relationships with many financial institutions, especially in the UK. His professional background is in the area of environmental management with particular experience in project development, water management, land access and liaison with indigenous people. He has participated in due diligence studies on mining projects around the world on behalf of international financial institutions and mineral resource companies for listings on international stock exchanges, mergers and debt financing.

Appointment of Mr Phillip Laskaris as a Non-Executive Director

Mr Phillip Laskaris was appointed a Non-Executive Director of the Company on 20 March 2008.

Mr. Laskaris holds a Bachelor of Arts (Hons) and Bachelor of Laws from the Australian National University. Mr. Laskaris is a barrister practising from Francis Burt Chambers in Perth. He started his legal career in 1987 in Fremantle, WA with a mid-sized law firm becoming a partner in 1989 and then principal of the firm in 1996. He joined the independent bar in 2002. He is on the roll in the High Court of Australia, the WA Supreme Court and the NSW Supreme Court. Mr. Laskaris does not hold any other public company directorships.

Financing

US\$127.5m Debt Financing

On 14 January 2008, Windimurra secured US\$127.5m in debt financing from institutional investors. Given the difficult global credit market conditions, this is a positive endorsement of the projects' fundamentals.

Strong support for the debt was received from the arranger, Merrill Lynch as well as from Windimurra's marketing partner, Noble Group, with both organizations participating at a significant level.

A\$54.8 Entitlement Issue

On 20 February 2008, WVL announced it had raised \$54.8 million following successful closure of its heavily oversubscribed one for three entitlement issue.

Through the offer, Windimurra issued approximately 34.2 million new ordinary shares at a price of \$1.60 per share.

WVL was very pleased with the strong shareholder support for Windimurra, with all major shareholders participating and most of them subscribing for additional shares.

A\$25.2m Share Placement

On 28 March 2008 WVL placed 12.6m shares at \$2.00 per share to institutional and sophisticated investors, raising \$25.2m. The placement was oversubscribed demonstrating strong support from existing and new shareholders for the Windimurra project.

Funds raised via the placement will be used to bring forward the commencement of mining by 3 months to ensure that 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 the overall economics of the project.

In addition, the strengthening of the A\$ from the forecast FX rate at the time the US\$ denominated debt raising was committed to until the debt raising was completed meant a small amount of additional funds were required to ensure that the company's A\$ construction cost budget remained fully funded.

Project Development

Project Execution

By the end of April, 64% of the total budget will have been spent or committed and the project 55% complete in terms of its overall timeframe.

Construction activity levels on site continue to increase as planned. There are currently more than 200 people on site and this will rise further to over 350 people once the structural, mechanical and piping (SMP) and electrical contractors are fully mobilised. All contractors to the project have indicated they have labour available to complete the work on time.

Significant volumes of concrete have been poured with approximately 800 cubic metres of concrete, representing 50% of the total requirement, now complete. The first steelwork in the Vanadium Recovery Plant has been delivered and is ready for erection.

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.

The Company's three Solar Taurus gas turbine generators have been transported to site and placed on their foundations. The exhaust stacks and other mechanical components will be installed in the coming weeks.

In the March quarter, the mine schedule was revised to allow for an increased proportion of fresh and transitional ore to be mined and stockpiled prior to the plant starting up. This will allow mineral beneficiation to commence with a steady supply of the optimum ore blend. Accordingly, it is expected that commissioning the beneficiation plant will be faster and smoother.

Operations planning

Early recruitment of some of the operations team has allowed those individuals to become familiar with the project by working in conjunction with the project development teams. Some early appointments include the site based General Manager and other accounting, mechanical, geological and environmental staff. Further recruitment will be aimed at experienced processing staff, particularly those with vanadium and chemical plant experience.

A contract for the life of mine supply of power for the operation has been negotiated. This contract will ensure that the power supply needs of the project are reliable.

A source of supply for aluminium granule, an essential component of ferro-vanadium processing, has been identified and a contract is expected to be concluded in the June quarter.

Resources

4,960m of reverse circulation (RC) drilling during the quarter has upgraded the majority of resources for the first 5 years of production to measured status. Wide spaced deep drilling, below the current reserve base (79 million tonnes @ 0.47% V₂O₅ for 20 years production), has also confirmed the extension of the mineralisation down dip and below the current pit designs.

The tighter drill spacing has improved the definition of the vanadiferous titanomagnetite bands within the gabbro sequence, and will allow for effective scheduling of optimal blend strategies.

The infill drilling has also improved the definition of a high grade core to the main ore zone (90m true thickness), with the core having an average true width of 12 metres. An update to the mineral resources for the project will be completed during the June Quarter. Significant intercepts from the recent drill program are listed in the table below.

Significant intercepts from latest RC drill program

| HOLE | DEPTH FROM (m) | DEPTH TO (m) | TRUE WIDTH (m) | V ₂ O ₅ % | Fe% | Si% |
|-------|-------------------|-----------------|-------------------|---------------------------------|-----|-----|
| WR310 | 114 | 131 | 10 | 0.55 | 29 | 25 |
| WR318 | 78 | 105 | 16 | 0.52 | 27 | 26 |
| WR319 | 113 | 140 | 16 | 0.57 | 29 | 24 |
| WR322 | 64 | 79 | 9 | 0.61 | 30 | 24 |
| WR335 | 40 | 61 | 12 | 0.54 | 28 | 25 |
| WR341 | 122 | 134 | 7 | 0.69 | 34 | 20 |

Marketing

Following the completion of funding, work has commenced with Noble Group on marketing Windimurra's vanadium production. A comprehensive marketing plan has been developed and Noble Group is well advanced on the appointment of agents and representatives to provide comprehensive coverage for Windimurra on a global basis.

The project economics have been boosted by the strength of vanadium prices. During 2008, vanadium prices have been trading at 20 year highs, following interruptions to global supply. In particular, production has been interrupted by power shortages in South Africa. These power supply issues are forecast to continue for a number of years, and have already lead to the cancellation of some growth projects.

Robust vanadium demand driven by growth in steel demand primarily from developing countries including China, Russia, Brazil and India, coupled with production constraints have resulted in the current historically high price levels of US\$60/kg.

Yours sincerely

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

Competent Persons Statement:

The information in this report that relates to exploration activities and mineral resources is based on information compiled by Colin Arthur, who is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Colin Arthur is a full-time employee of MidWest Vanadium Pty Ltd (a subsidiary of Windimurra Vanadium Limited), in the capacity of Chief Mine Geologist. Colin Arthur has over eighteen years experience in this style of mineralization and the type of deposit under consideration and related mining method and project evaluation. He has sufficient experience which is relevant to the style of mineralization and to the activity which he is undertaking. He is therefore qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Colin Arthur consents to the inclusion in the report of the matters, based on his information in the form and context in which it appears.

Diagram 1- Location Map

