



ACTIVITIES REPORT- QUARTER ENDED 30 JUNE 2008

HIGHLIGHTS

The quarter ending 30 June 2008 has continued to be one of significant progress for shareholders of Windimurra Vanadium (ASX: WVL). Key highlights include:

- Infill drilling over 1km of the 6km resource base has confirmed continuity of mineral resources below the existing pit design resulting in a 50% increase in resource tonnes and an improvement in the resource grade to 0.49% V_2O_5 for this area.
- Global mineral resource base increased by 19% from 149m tonnes to 177 tonnes at 0.46% V_2O_5 .
- 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.
- Varanasi Island gas disruptions are expected to have no effect on the Project.
- Project economics are supported by strong vanadium prices.
- Nicholas Moorland is appointed a non-executive director.

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 Mr Nicholas Morland as a Non-Executive Director

Mr Nicholas Morland was appointed a Non-Executive Director of the Company on 8 May 2008.

Nicholas Morland is a London based Chartered Accountant involved in investing in, and the management of, a worldwide investment portfolio. This portfolio is privately owned and has an emphasis on commodities. Previous roles have concentrated on situations where change management, new business planning and capital raising have been involved. These include as CEO of MIM, an insurance start up, Group Underwriting Deputy with Alea, General Manager Europe Portfolio Engineering with QBE and Group Operations Director at Hiscox.

FINANCING

The Company is in a strong cash position, with \$179 million in cash 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.

In order to mitigate risk on US dollar denominated ferrovanadium 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.

PROJECT DEVELOPMENT

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; 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, with 90% of these at fixed prices, mitigating the risk of significant cost increases in these areas.

Senior operational recruiting is ongoing with key appointments completed:

- General Manager Operations;
- Processing Manager;
- Technical Services Manager;
- Chief Mine Geologist;
- Environmental Manager;
- OHS Superintendant;
- 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.

Varanus Island Gas Incident

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

The Company has been advised by its gas supplier that partial gas deliveries from the John Brookes facilities on Varanus Island will commence in August 2008, ramping up to 90% production shortly thereafter. The Company has been advised that 100% production will occur in early 2009.

In these circumstances and given that the project will require its first commissioning gas in November 2008 at less than 100% of full contract quantities, at this point in time it does not appear that Windimurra's operations will be affected by the Varanus Island outage.

RESOURCES

During the March quarter, a 1 km strike length of the current 6 km mineral resource base was infill drilled to further improve geology and grade definition in this area (See Figure 1). Drilling has confirmed the continuity of mineral resources below the existing pit design. An updated JORC compliant mineral resource estimate for this 1 kilometre portion has increased tonnages by 50%, increased the resource grade from 0.46% V₂O₅ to 0.49% V₂O₅, and upgraded all resources within the current pit design in this portion to a Measured Mineral Resource category. In due course, additional drilling along strike will be undertaken to confirm if this resource expansion can be replicated over the entire 6km long resource base.

A total of 42 holes, for 4,960m, of reverse circulation (RC) drilling was undertaken directly south of the existing pit. The drilling infilled the current mineral resource base to an average 50m by 50m spatial pattern as well as extending on a 100m by 100m pattern the down dip extensions to a depth of 80m below the current pit design for this area.

A revised JORC compliant mineral resource estimate for the 1 kilometre strike length south of the existing pit was developed by Company staff, based on industry standard 3D geological modelling, spatial geo-statistics and 3D block grade interpolation using Ordinary Kriging techniques. The Quantitative Group Pty Ltd (QG) was commissioned to act as an independent advisor and auditor during the mineral resources estimate development process (see competent person's statements)

A mineral resource estimate was compiled and reported by Coffey Mining consultants in July 2007 for the entire 6km strike length and is the basis of the current project development strategy. The revised resource estimate undertaken during this quarter is for only a proportion (1 kilometre) of total 6 kilometres mineral resource base. To allow direct comparison, the following mineral resource statements compare the 1km strike length remodelled against the July 2007 estimate for the same portion, and then globally for the entire 6km long resource.

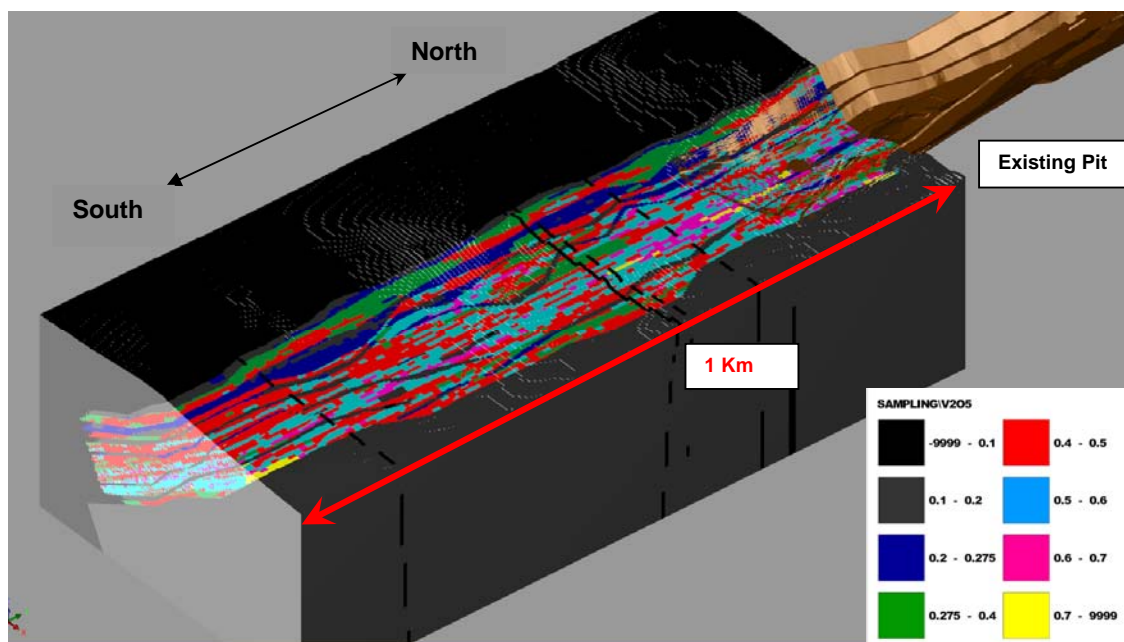


Figure 1 – Infill drilled area – south of existing pit

Mineral Resource Statement – 1 kilometre strike length south of existing pit

Mineral resources reported to a lower cut-off of 0.275% V_2O_5 %

DATE OF ESTIMATE	CATEGORY	TONNES (Mt)	V_2O_5 (%)	V(%)	V (1000kgs)
JULY 2007	MEASURED	12.57	0.47	0.26	32,700
	INDICATED	14.32	0.45	0.25	35,800
	INFERRED	9.59	0.45	0.25	24,000
	TOTAL	36.48	0.46	0.25	92,500
JUNE 2008	MEASURED	34.51	0.49	0.27	93,200
	INDICATED	9.01	0.48	0.27	24,300
	INFERRED	11.22	0.48	0.27	30,300
	TOTAL	54.74	0.49	0.27	147,800

The July 2007 estimate excluded resources associated with a hangingwall elevated Titanium and Vanadium grade package due to limited metallurgical testwork to quantify metal recovery through the processing facility. Although further testwork has confirmed that it is viable to process, for comparison purposes it is also excluded from the June 2008 estimate for this portion.

Mineral Resource Statement – Global 6km strike length

Mineral resources reported to a lower cut-off of 0.275% V₂O₅%

DATE OF ESTIMATE	CATEGORY	TONNES (Mt)	V ₂ O ₅ (%)	V(%)	V (1000kgs)
JULY 2007	MEASURED	19.86	0.47	0.26	51,600
	INDICATED	73.87	0.47	0.26	192,100
	INFERRED	55.1	0.44	0.25	137,800
	TOTAL	148.83	0.46	0.26	381,400
JUNE 2008	MEASURED	46.68	0.48	0.27	126,000
	INDICATED	70.73	0.47	0.26	183,900
	INFERRED	59.18	0.44	0.25	148,000
	TOTAL	176.59	0.46	0.26	457,900

The July 2007 estimate excluded resources associated with a hangingwall elevated Titanium and Vanadium grade package due to limited metallurgical testwork to quantify metal recovery through the processing facility. Further testwork has confirmed that it is viable to process this package, and as such is included in the June 2008 global estimate.

MARKETING

The Project economics continue to be boosted by the strength of global vanadium prices. During 2008, vanadium prices have traded at close to 20 year highs, fuelled by continuing strong world demand and tightening of global supply. Global supply has been disrupted by power shortages in South Africa which look set to continue for a number of years. The shortages have lead to reduced production from existing producers and the cancellation of some projects that would have expanded vanadium production capacity. Robust vanadium market fundamentals have resulted in the current high price levels of around US\$60/kg that are significantly above historic average prices.

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.

Yours sincerely

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

Competency 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 Ltd), 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.

Scott Jackson, Director and Principal Consultant of Quantitative Group (QG), has reviewed the June 2008 Windimurra resource estimate and considers it likely to be free of material error. These conclusions come from undertaking a site visit, reviewing the new geological model, a limited review of the data, independent checks on the parameters used in estimation followed by model validation and discussions with WVL on resource classification. QG consider the estimation methodology chosen and subsequent implementation to be robust and appropriate. There are three significant changes from the last estimate: i) additional drilling giving greater confidence in the estimate ii) a new geological interpretation that differentiates several 'bands' of waste material in the main ore zone and iii) additional SG data. QG recommends continuing collection of SG data as part of the grade control practices to further confirm the validity of those used in the current estimate.

DIAGRAM 1- LOCATION MAP

