

19 October 2010

**WINDIMURRA VANADIUM LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 131 533
(the Company)**

CIRCULAR TO CREDITORS

I refer to the appointment of Martin Jones, Andrew Saker and I as Joint and Several Deed Administrators of the Company pursuant to the Deed of Company Arrangement executed on 31 December 2009.

A further meeting of creditors has been convened for **Friday, 5 November 2010 at this office, Level 26 Floor, 108 St Georges Terrace, Perth, Western Australia at 10.00 am (AWST).**

In this regard, I enclose the following documents:

- (i) Notice of Meeting of Creditors. A meeting of creditors pursuant to Section 449E (1A) of the Act will be held at the offices of Ferrier Hodgson, Level 26, Bank West Tower, St Georges Terrace, Perth WA on Friday, 5 November 2010 at 10:00am (AWST).
- (ii) Informal Claim Form for Voting Purposes.
- (iii) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.

The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event not later than 4.00pm on the day prior to the meeting.

Forms can be sent by facsimile on (08) 9214 1400 marked to the attention of Caitlin Smith or scanned and emailed to perth@fh.com.au. However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

REMUNERATION OF DEED ADMINISTRATORS

Creditors will be requested at the coming meeting to consider and, if thought fit, approve the further remuneration of the Deed Administrators.

Please refer to the enclosed Remuneration Report for further details regarding the Deed Administrators' remuneration being tabled for approval.

PERTH

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Should you have any queries in relation to this matter please do not hesitate to contact either Edmund Ho or Caitin Smith of this office.

A handwritten signature in blue ink that reads 'weaver'.

DARREN WEAVER
Joint and Several Deed Administrator of
Windimurra Vanadium Limited

Encl.

CORPORATIONS ACT 2001

NOTICE OF MEETING OF CREDITORS

WINDIMURRA VANADIUM LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 131 533
(the Company)

NOTICE is given that a meeting of the creditors of the Company will be held at **Level 26, Bank West Tower, 108 St Georges Terrace, Perth, WA on Friday, 5 November 2010 at 10:00am (AWST)**.

AGENDA

1. To consider and, if thought fit, approve the further remuneration of the Deed Administrators.
2. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint and Several Deed Administrators by 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) or if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the Deed Administrators.

DATED this 19th day of October 2010.



Darren Weaver
Joint and Several Deed Administrator of
Windimurra Vanadium Limited

INFORMAL CLAIM FORM FOR VOTING PURPOSES

Regulation 5.6.47

**WINDIMURRA VANADIUM LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 131 533**

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$.....)

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
- b. he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint and Several Administrators.

CORPORATIONS ACT 2001
APPOINTMENT OF PROXY CREDITORS MEETING

WINDIMURRA VANADIUM LIMITED ACN 009 131 533
(Subject to Deed of Company Arrangement)
(the Company)

*I/*We1 of a creditor of the Company, appoint2 or in his absence as...
*my/our *(i) general OR *(ii) special proxy3 to vote at the meeting of creditors to be held on Friday, 5 November 2010 or at any adjournment of that meeting, to vote
(i) on all matters arising at the meeting; OR
(ii) on each of the following kinds of resolution in the manner specified:

- a) A resolution that the Deed Administrators' remuneration in the sum of \$115,679.43 (exclusive of GST) as set out in the Deed Administrators' Remuneration Report dated 19 October 2010, be approved; and
b) A resolution that the Deed Administrators' estimated further remuneration as set out in the Deed Administrators' Remuneration Report dated 19 October 2010, be fixed in accordance with the Ferrier Hodgson hourly rates, up to the sum of \$5,000.00 (exclusive of GST) and that the Deed Administrators be authorised to make periodic payments on account of such remuneration.
c) Any other business As proxy sees fit

DATED this day of 2010

Signature5 of individual or person6 authorised by corporate resolution to represent the corporation

OR The Common Seal of4 was hereunto affixed in the presence of

Director

Secretary

* Strike out if inapplicable

1 If a firm, strike out "I" and set out the full name of the firm.

2 Insert the name, address and description of the person appointed.

3 If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

4 The method of affixing the Common Seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

5 The signature of the creditor is not to be attested by the person nominated as proxy.

6 A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. Copy of authority/power of attorney to be annexed.

CERTIFICATE OF WITNESS⁷

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person
appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this day of 2010

.....
Signature of Witness

.....
Description

.....
Place of Residence

⁷ This certificate is to be completed only where the person giving it is blind.



Corporations Act 2001

Section 449E

Windimurra Vanadium Limited
ACN 009 131 533 (WVL)
(Subject to Deed of Company Arrangement)

Remuneration Report
(For the period 12 April 2010 to 31 August 2010)

Deed Administrators' Remuneration

19 October 2010

Martin Jones
Andrew Saker
Darren Weaver



**Windimurra Vanadium Limited
(Subject to Deed of Company Arrangement)
(the Company)
ACN 009 131 533**

REMUNERATION REPORT

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Schedule of tasks undertaken by the Deed Administrators from 12 April 2010 to 31 August 2010
- A3 Schedule of the Deed Administrators' anticipated tasks and remuneration estimate in respect of the meeting to be held on Friday, 5 November 2010.
- A4 Remuneration approved and drawn to date.
- A5 Resolutions regarding remuneration to be put to creditors at the creditors meeting to be held on 5 November 2010.

Part B

- B1 Deed Administrators' Disbursements.
- B2 Summary of Receipts and Payments.
- B3 Other creditor information on remuneration.

PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate to		Experience
	31/07/2010 \$	1/08/2010 \$	
Partner/Appointee	540	540	The Partner/Appointee is a registered Liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	460	475	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Manager 1	390	400	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager 2	325	335	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	285	295	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	255	265	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's C.A. program. Good knowledge of basic insolvency legislation and issues.
Senior 2	230	235	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	185	190	1 - 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	155	160	0 - 1 year's experience. Undertaking a degree part-time in finance / accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	150	155	Appropriate skills including machine usage.
Junior	130	135	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

A2 TASKS UNDERTAKEN BY THE DEED ADMINISTRATORS FOR THE PERIOD 12 APRIL 2010 TO 31 AUGUST 2010

Deed Administrators fees, based on the tasks detailed below, for the period 12 April 2010 to 31 August 2010 are \$115,679.43 (excluding GST).

Task Areas	Description	Includes
Assets 57.9 hours \$15,122.19	Assets Other	<ul style="list-style-type: none"> ▪ Reviewed office equipment at head office to identify ownership ▪ Arranged removal and sale of assets owned by WVL. ▪ Attendance at head office at various times to ensure assets of WVL remained safe and secure. ▪ Liaised with Receivers and Managers in respect of actions to be taken on WVL assets. ▪ Liaised with various parties in respect of the relocation of the servers. ▪ Obtained undertakings and indemnities from parties in respect of maintaining the servers. ▪ Granted access to the head office to the Receivers and Managers and DOCA proponents when required. ▪ Facilitated access to books and records by appropriate parties. ▪ Considered issues and potential value associated with the South African patent. ▪ Dealt with queries regarding tenement listings.
	Assets Leasing	<ul style="list-style-type: none"> ▪ Corresponded with Landlord in respect of the termination of the head office lease. ▪ Corresponded with Receivers and Managers and DOCA proponents regarding their ongoing requirements for the head office. Internal discussions regarding ongoing monthly lease. ▪ Disclaimed unwanted leases.
Creditors 327.0 hours \$79,767.00	Dividend Distribution, Claims and Queries	<ul style="list-style-type: none"> ▪ Internal meetings regarding dividend procedures ▪ Advertised intention to pay dividend and called for formal Proofs of Debt. ▪ Adjudicated creditor claims. ▪ Collation of data, entering claims and updating addresses of claimants. ▪ Addressed issues with claims and reassessed revised claims. ▪ Attend to formal rejection of disallowed claims. ▪ Reconciled dividend list to Report as to Affairs. ▪ Performed audit procedures to ensure that no creditors are missed from distribution. ▪ Reviewed dividend calculations. ▪ Payment of dividend to priority and unsecured creditors. ▪ Prepared statutory notices and mail out with dividend cheques. ▪ Dealt with numerous telephone and email enquiries in respect of the dividend. ▪ Investigated numerous claims against the incorrect entity ▪ Considered rights of guaranteed creditors including ability to claim statutory interest.

Task Areas	Description	Includes
Trade On 74.9 hours \$19,609.24	Trade on Management	<ul style="list-style-type: none"> ▪ Reviewed of outstanding purchase orders ▪ Prepared and authorised payment vouchers ▪ Ongoing review of Budget and future costs
	Trading Issues	<ul style="list-style-type: none"> ▪ Reviewed outstanding trading payments and invoices ▪ Summarised monthly trading expenses ▪ Bank Reconciliations ▪ Corresponded with various parties ▪ Issue and verification of Group Certificates.
	Process receipts and payments	<ul style="list-style-type: none"> ▪ Entered payments into accounting system ▪ Prepared and reviewed payment and receipt requisitions ▪ Collated supporting documentation for payments and receipts ▪ Payment of approved accounts and processing of receipts. ▪ Reviewed complex invoices for Telstra, office leasing and document storage and subsequent engagement with these parties.
Administration 4.1 hours \$1,181.00	Correspondence	<ul style="list-style-type: none"> ▪ Prepared general correspondence to various parties ▪ Website updates
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Prepared and lodged ASIC forms ▪ Prepared and reviewed Section 524 report ▪ Prepared Form 5011 for lodgement of minutes of the meeting ▪ Notice of execution of Deed of Company Arrangement to ASIC ▪ Business Activity Statements

A2 (CONT) SCHEDULE OF DEED ADMINISTRATORS REMUNERATION FOR THE PERIOD 12 APRIL 2010 TO 31 AUGUST 2010

Employee	Position	Rate to 31/07/2010 \$	Rate from 1/08/2010 \$	Total Hours	Total \$	Hours	Assets \$	Hours	Dividend	Hours	Trade On \$	Hours	Administration \$
Darren Weaver	Partner	540	540	11.1	5,994.00	-	-	4.6	2,484.00	6.5	3,510.00	-	-
Malcolm Field	Senior Manager	390	400	0.3	117.00	-	-	0.3	117.00	-	-	-	-
Wayne Rushton	Senior Manager	390	400	37.9	14,788.00	13.3	5,187.00	17.8	6,949.00	6.8	2,652.00	-	-
Bob Bickford	Supervisor	285	295	3.5	997.50	0.1	28.50	3.4	969.00	-	-	-	-
Kieran Chu	Supervisor	285	295	1.2	342.00	-	-	1.2	342.00	-	-	-	-
Edmund Ho	Supervisor	285	295	117.3	33,666.50	-	-	113.2	32,485.50	-	-	4.1	1,181.00
Erlyn Dale	Senior 1	255	265	0.8	204.00	-	-	0.8	204.00	-	-	-	-
Vijay Iswariah	Senior 2	230	235	3.8	874.00	3.8	874.00	-	-	-	-	-	-
Lauren McCann	Senior 2	230	235	180.4	41,488.93	36.3	8,350.69	93.3	21,450.50	50.8	11,687.74	-	-
Dario Musulin	Senior 2	230	235	6.6	1,528.00	-	-	5.6	1,288.00	1.0	240.00	-	-
Kaila George	Intermediate 2	155	160	98.0	15,192.50	4.4	682.00	85.1	13,193.00	8.5	1,317.50	-	-
Alex Godfrey	Intermediate 2	155	160	1.1	176.00	-	-	-	-	1.1	176.00	-	-
Caitlin Smith	Intermediate 2	155	160	1.5	240.00	-	-	1.5	240.00	-	-	-	-
Miranda Stephens	Practice Manager	n/a	225	0.2	45.00	-	-	0.2	45.00	-	-	-	-
Kate Martin	Junior	130	135	0.2	26.00	-	-	-	-	0.2	26.00	-	-
Total				463.9	115,679.43	57.9	15,122.19	327.0	79,767.00	74.9	19,609.24	4.1	1,181.00
GST					11,567.94		1,512.22		7,976.70		1,960.92		118.10
TOTAL (incl. GST)					\$127,247.37		\$16,634.41		\$87,743.70		\$21,570.16		\$1,299.10
Average hourly rate					\$249.36		\$261.18		\$243.94		\$261.81		\$288.05

A3 SCHEDULE OF ANTICIPATED TASKS AND DEED ADMINISTRATORS' ESTIMATED REMUNERATION FOR THE PERIOD 1 SEPTEMBER 2010 TO 31 OCTOBER 2010

Based on the following tasks, I estimate the Deed Administrators' fees for the above period at \$5,000 (exclusive of GST)

Task Areas	Description	Includes
Creditors \$5,000	Creditors' Meeting	<ul style="list-style-type: none"> ▪ Reviewing proxies and proofs of debt. ▪ Convening meeting ▪ Completion of minutes and lodgement with ASIC ▪ Attendance at meeting of creditors
	Creditor Reports/Circulars	<ul style="list-style-type: none"> ▪ Prepare circular and notice to creditors ▪ Collation and distribution of circulars to creditors

A4 REMUNERATION APPROVED AND DRAWN TO DATE

Below is a schedule of the remuneration approved and paid for the period 18 February 2009 to 31 August 2010.

Appointment Type	Approved	Incurred	Paid
Administrators	290,093.52	310,386.52	290,093.52
Deed Administrators/Trustees	153,633.67	244,762.17	123,633.67
Total	443,727.19	555,148.69	413,727.19

It should be noted that \$30,000 of the Deed Administrators' approval relates to the separate recapitalisation proposal from Trident Capital Pty Ltd under the Deed of Company Arrangement executed on 27 May 2010. The time incurred in respect of this proposal is included in the amounts detailed as being incurred but does not form part of the approvals being sought at the creditors meeting scheduled for 5 November 2010.

A5 RESOLUTIONS TO BE PUT TO THE CREDITORS AT THE MEETING TO BE HELD ON 5 NOVEMBER 2010

At the meeting of Creditors, due to be held on 5 November 2010, the creditors will be asked to consider the following resolutions in relation to the Deed Administrator's remuneration:

"That the Deed Administrators' remuneration in the sum of \$115,679.43 (exclusive of GST) as set out in the Deed Administrators' Remuneration Report dated 19 October 2010 be approved."

"That the Deed Administrators' estimated further remuneration as set out in the Deed Administrators' Remuneration Report dated 19 October 2010, be fixed in accordance with the Ferrier Hodgson hourly rates, up to the sum of \$5,000.00 (exclusive of GST) and that the Deed Administrators be authorised to make periodic payments on account of such remuneration."

PART B

B1 DEED ADMINISTRATORS' DISBURSEMENTS

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1** Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2** Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3** Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	35 cents per copy
Facsimile	\$1.00 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred for the period 18 February 2009 to 31 August 2010 in the amount of \$18,947.60 excluding GST are set out in the below schedule.

Disbursements	Voluntary Administration Charges \$ (excluding GST)	Deed Administrators & Trustees Charges \$ (excluding GST)	Total \$ (excluding GST)
Advertising	652.80	1,763.20	2,416.00
Document Production	2,913.75	6,678.70	9,592.45
Fax	14.00	4.50	18.50
Freight & Cartage	171.08	27.19	198.27
Costs associated with after hours work	375.00	21.15	396.15
Meeting Expenses	-	2,437.18	2,437.18
Postages & Stationery	300.27	705.32	1,005.59
Search Fees	46.40	155.80	202.20
Statutory Charges	70.00	-	70.00
Storage Costs	492.62	58.32	550.94
Taxis & Parking	652.31	775.16	1,427.47
Telephone	240.70	392.15	632.85
Subtotal	5,928.93	13,018.67	18,947.60
Add GST (10%)	592.89	1,301.87	1,894.76
Total Including GST	\$ 6,521.82	\$ 14,320.54	\$ 20,842.36

During the period 12 April 2010 to 31 August 2010 disbursements of \$8,712.42 (excluding GST) were paid.

Creditor approval for the payment of disbursements is not required, however the Administrators, Deed Administrators and Trustees' must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in Court.

B2 SUMMARY OF RECEIPTS AND PAYMENTS FOR THE PERIOD 12 APRIL 2010 TO 31 AUGUST 2010

Detailed below is a summary of the receipts and payments for the Deed Administrators' WVL bank account:

	Total \$
Opening Balance	268,178.97
Receipts	73,030.75
Payments	(214,702.45)
Closing Balance	\$ 126,507.27

The receipts for the period 12 April 2010 to 31 August 2010 are tabled below:

Receipts	Total \$
Bank Interest	3,983.40
Plant and Equipment	11,323.60
Refund of Landlord's Guarantee	47,521.30
GST Refund	10,202.45
Total including GST	73,030.75

The payments from the period 12 April 2010 to 31 August 2010 are tabled below:

Payments	Total \$
Cleaning Services	202.50
Security Costs	703.57
Printing	2,071.20
Rent, Rates & Service Charges	61,751.44
Telephone, Fax & Internet	22,971.43
Storage Costs	1,107.81
Deed Administrators/Trustees' Disbursements	9,583.67
Deed Administrators/Trustees' Remuneration	101,776.04
Share Register Maintenance	2,823.74
Bank Charges	273.60
FBT Paid	10,694.97
Superannuation Paid	742.48
Total	\$ 214,702.45

B3 OTHER CREDITOR INFORMATION ON REMUNERATION

The partners of Ferrier Hodgson Western Australia are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Edmund Ho or Kaila George of this office.

Dated this 19th day of October 2010



DARREN WEAVER
Joint and Several Deed Administrator of
Windimurra Vanadium Limited