



29 January 2016

Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir

SRI LANKAN PROJECT UPDATE – EXPANDED PROJECT AREA

The Board of Windimurra Vanadium Limited is pleased to provide the following update in relation to the proposed acquisition of 100% of the issued capital of Srinel Holdings Limited (“**Srinel**”). The Company and Cuprum Holdings Limited (“**Cuprum**”) have entered into an Amended and Restated Option Deed (“**Amended Option Deed**”) to include an expanded project area, as well as to revise the consideration payable to Cuprum.

On or about 19 March 2014 the Company entered into an Option Deed (“**Original Option Deed**”) with Cuprum, under which Cuprum granted the Company the sole and exclusive option (“**Option**”) to acquire 100% of the issued capital of Srinel (the “**Acquisition**”). Srinel is an unlisted company registered in Mauritius and, via its subsidiaries, owned 13 exploration licenses over 348 square kilometres in various coastal districts of Sri Lanka that are prospective for mineral sands.

As announced on 29 December 2014, the Company exercised the Option and paid the \$500,000 option fee to Cuprum.

Srinel has subsequently re-structured the mining tenements held by its subsidiaries and Srinel, via its subsidiaries, now holds exploration licences and applications for exploration licences over the 348 square kilometres previously contemplated by the Original Option Deed, together with an application for an exploration licence over a new 42 square kilometre area on Mannar Island, Sri Lanka (collectively, the “**Tenements**”).

The Company and Cuprum have therefore entered into the Amended Option Deed to acknowledge the expanded area contemplated by the Tenements, as well as to revise the consideration payable to Cuprum.

In addition to \$500,000 option fee which has already been paid to Cuprum, the revised consideration payable to Cuprum under the Amended Option Deed is as follows:

- (a) issue 200,000,000 fully paid ordinary shares in the Company to Cuprum upon the satisfaction of Milestone 1;
- (b) issue 200,000,000 fully paid ordinary shares in the Company to Cuprum upon the satisfaction of Milestone 2;
- (c) reimburse expenditure reasonably incurred by Cuprum in applying for, managing and developing the Tenements from 1 January 2014 onwards to Cuprum;
- (d) pay USD\$500,000 to Cuprum upon satisfaction of Milestone 3; and
- (e) pay USD\$2,000,000 to Cuprum upon satisfaction of Milestone 4.

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A summary of the relevant Milestones are summarised in Annexure A.

Conditions Precedent

Completion of the Acquisition under the Amended Option Deed remains conditional upon the following conditions precedent being satisfied:

- (a) the Company obtaining all necessary shareholder and regulatory approvals required;
- (b) no material adverse changes in respect of the Tenements occurring;
- (c) no material default or breach of the Amended Option Deed occurring; and
- (d) no legal proceedings being commenced, pending or threatened by any person to enjoin, restrict or prohibit the completion of the Acquisition.

The Company is working towards finalising its notice of meeting to obtain the required shareholder approvals to complete the Acquisition.

Placement

The Company will undertake a placement to sophisticated investors of 30 million fully paid ordinary shares at \$0.007 per Share to raise up to \$210,000. Funds raised will be used to provide additional working capital.

Yours faithfully

Jason Ferris
Director

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ANNEXURE A – SUMMARY OF MILESTONES

Milestone 1

Milestone 1 will be achieved if, with respect to the Tenements or any part thereof:

- (a) a total inferred mineral resource reported in accordance with Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (“**JORC Mineral Resource**”) of 10 million tonnes of heavy mineral content of not less than 5% discovered;
- (b) a JORC Mineral Resource of ore other than heavy mineral content of not less than 5% discovered with an independently certified commercial value equal to or greater than the commercial value of the mineral resource in Milestone 1(a) above; or
- (c) a JORC Mineral Resource of any combination of ores which, in aggregate, has an independently certified commercial value equal to or greater than the commercial value in Milestone 1(a) above (collectively “**Milestone 1**”).

Milestone 2

Milestone 2 will be achieved if, with respect to the Tenements or any part thereof:

- (a) a total JORC Mineral Resource of 20 million tonnes of heavy mineral content of not less than 5% discovered;
- (b) a JORC Mineral Resource of ore other than heavy mineral content of not less than 5% discovered with an independently certified commercial value equal to or greater than the commercial value of the JORC Mineral Resources in Milestone 2(a) above; or
- (c) a JORC Mineral Resource of any combination of ores which, in aggregate, has an independently certified commercial value equal to or greater than the commercial value in Milestone 2(a) above (collectively, “**Milestone 2**”).

Milestone 3

Milestone 3 will be achieved if, subject to Milestone 1 and Milestone 2 being achieved, any of Srinel’s subsidiaries is granted one or more mining licences under the *Mines and Minerals Act (no. 33 of 1992)* (Sri Lanka) (“**Milestone 3**”).

Milestone 4

Milestone 4 will be achieved if:

- (a) any of Srinel’s subsidiaries commences commercial production or extraction of minerals in respect of the Tenements or any mining licence granted on any such area;
- (b) a JORC Mineral Resource of 70 million tonnes of heavy mineral content of not less than 5% discovered;
- (c) a JORC Mineral Resource of ore other than heavy mineral content of not less than 5% discovered with an independently certified commercial value equal to or greater than the commercial value of the JORC Mineral Resource in Milestone 4(b) above; or
- (d) a JORC Mineral Resources of any combination of ores which, in aggregate, has an independently certified commercial value equal to or greater than the commercial value of the JORC Mineral Resource in Milestone 4(b) above (collectively, “**Milestone 4**”).

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