ASX ANNOUNCEMENT
01 July 2014

WESTERN DESERT RESOURCES

ROPER BAR AREA E EAST MINERAL RESOURCE UPDATE

Key Points:

- **An updated Mineral Resource estimate has been completed for the Area E East deposit incorporating grade control drilling.**
- **Total tonnage has increased more than 24% at Area E East.**
- **Total DSO grade mineralization at Roper Bar now stands at 40.8Mt @ 58.8% Fe.**

Western Desert Resources Limited (the Company) (ASX: WDR) is pleased to announce an update to the Mineral Resource estimate for Area E East, which is currently being mined at the Zabeel open pit at the Roper Bar Iron Ore Project (Figure 1).

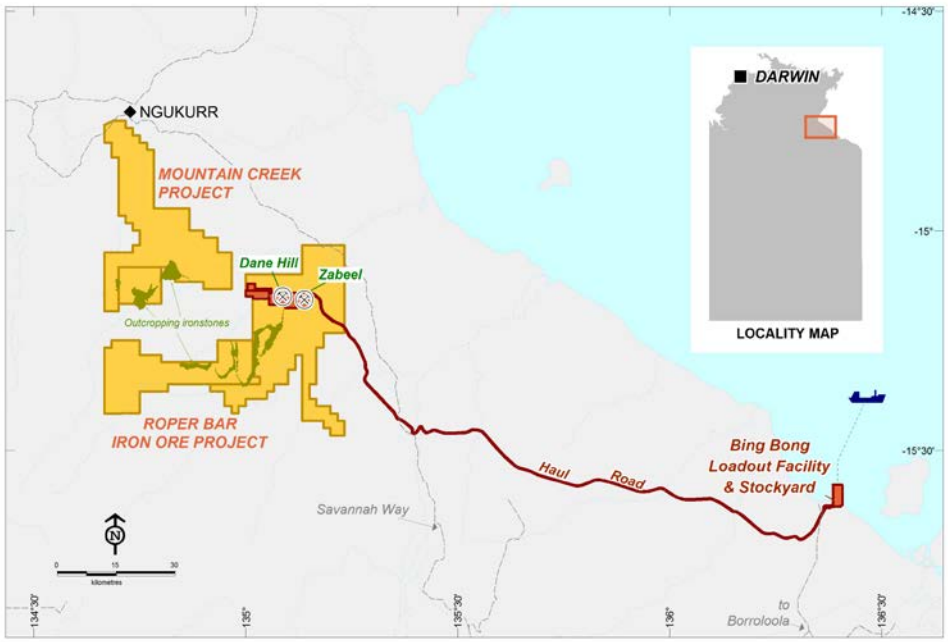

Figure 1. Roper Bar Iron Ore Project location map

About the Mineral Resource

The Area E East Mineral Resource estimate was completed by WDR following the addition of substantial grade control data. The Area E East Mineral Resource has been reported in accordance with The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012) and is supported by a substantial dataset of 850 drill holes over a total length of 32,525.1 m.

Western Desert Resources' vision is to be the leading low-cost iron ore producer in Northern Australia while generating wealth and prosperity for the people of the Roper and other regions where we operate.

FAST FACTS

ASX Code	WDR
Issued Shares	620m
Market Cap	A$143m

DIRECTORS

Rick Allert	Chairman
Norm Gardner	MD
Graham Bubner	Director
Phillip Lockyer	Director
Bruce Mathieson	Director

COMPANY HIGHLIGHTS

Iron Ore
- Roper Bar & Mountain Creek projects (NT)
- Hematitic iron ore
- Low Impurities
- Proximity to coast and markets

Gold / Copper
- East Rover Project near Tennant Creek (NT)

CONTACT DETAILS

Darwin Head Office:
Tenancy 2, Terminal One Building,
396 Stuart Highway.
WINNELLIE, NT, 0820
T: +61 8 8995 6900

info@westerndesertresources.com.au

ABN: 48 122 301 848

ROPER RED Fe

The Mineral Resource estimate for Area E East above a cut-off grade of 30% Fe (Table 1) shows that even after mining depletion, there has been an increase when compared with the previously reported Mineral Resource (ASX Announcement 7 June 2012). The DSO grade component of the Mineral Resource is shown in Table 2.

*Table 1: Area E East Mineral Resource > 30% Fe**

JORC Classification	Tonnage (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	CaO (%)	S (%)	MgO (%)	MnO (%)	LOI (%)	P (%)
Measured	3.8	45.51	23.90	2.00	0.06	0.11	0.72	0.41	7.50	0.006
Indicated	37.5	41.60	26.49	2.10	0.10	0.14	1.63	0.43	8.99	0.004
Inferred	47.7	39.84	27.19	2.18	0.13	0.12	2.10	0.50	10.00	0.004
Total	89.0	40.82	26.76	2.14	0.11	0.13	1.84	0.47	9.47	0.004

*Table 2: Area E East Mineral Resource > 54% Fe**

JORC Classification	Tonnage (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	CaO (%)	S (%)	MgO (%)	MnO (%)	LOI (%)	P (%)
Measured	0.8	57.56	13.01	1.02	0.02	0.05	0.31	0.10	3.12	0.005
Indicated	5.3	57.00	12.72	1.04	0.05	0.07	0.87	0.09	3.54	0.003
Inferred	3.7	55.29	14.18	1.35	0.08	0.06	1.12	0.12	4.08	0.003
Total	9.9	56.41	13.29	1.15	0.06	0.07	0.92	0.10	3.71	0.003

* Notes for figures reported in Tables 1 and 2:
  - JORC 2012 Table 1 is included in Appendix 1
  - Figures are depleted for mining until the end of May 2014
  - Discrepancies may appear due to rounding
  - Tonnages are reported on a wet basis

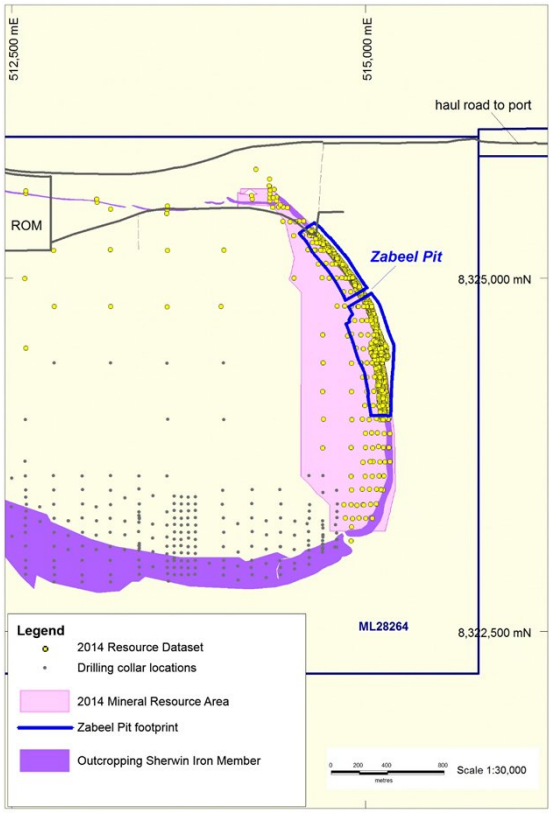

Figure 2: Area E East Mineral Resource location

Mineral Resource DSO Comparison

A comparison between the 2014 and 2012 Area E East Mineral Resource estimates (Table 3) shows that the 2014 Mineral Resource estimate predicts greater tonnage (+18.3 Mt) at a slightly lower grade (from 41.5% Fe to 40.9% Fe) than previously reported. DSO grade mineralisation at Area E East has previously been reported at a 50% Fe cut-off, however to be consistent with Area F deposit, it is now reported at a 54% Fe cut-off (Table 2), hence Fe grade has increased while tonnage has decreased.

Table 3 Comparison of 2014 Area E East Mineral Resource with 2012 Mineral Resource >30% Fe*

Model Date	Tonnage (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
2012	71.6	41.50	26.38	2.00	0.004	8.9
June 2014	89.9	40.88	26.73	2.14	0.004	9.4

* Notes for figures reported in Table 3:
  - Figures are not depleted for mining
  - Discrepancies may appear due to rounding

The majority of the increase in tonnage observed in Table 3 is attributed to better understanding of the mineralisation at the northern end of the deposit where the trend of the ironstone changes. Close-spaced grade control drilling has also improved confidence and uplifted grade in the uppermost portion of the deposit.

Mining depletion at the Zabeel pit, as at 31 May 2014, totaled 0.83 Mt at 30% Fe cut-off, or 0.19 Mt at 54% Fe cut-off.

Mineral Resource Implications

Ore from the Zabeel Pit is being used as a blend stock with the higher grades from the Dane Hill Pit (Area F deposit). The total DSO grade mineralisation from the Area E East and Area F deposits at Roper Bar (Table 4) now stands at 40.8Mt @ 58.8% Fe (at 54% Fe cut-off). Importantly, the higher grades occur in the highest confidence categories, which is predominantly where grade control drilling has been undertaken. This trend is expected to continue as further grade control drilling is completed.

Table 4: Roper Bar Project DSO (>54% Fe)

JORC Classification	Tonnage (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	CaO (%)	S (%)	MgO (%)	MnO (%)	LOI (%)	P (%)
Measured	4.7	60.74	8.03	2.07	0.02	0.03	0.68	0.06	2.09	0.007
Indicated	12.3	59.01	10.28	1.60	0.03	0.05	0.79	0.07	2.56	0.004
Inferred	23.8	58.25	10.94	2.34	0.03	0.04	0.98	0.06	2.29	0.005
Total	40.8	58.77	10.40	2.08	0.03	0.04	0.89	0.06	2.35	0.005

Further Activities

The updated resource figures have been applied to calculation of a new reserve statement to be reported in July.

For further information please contact:

John Field
Field Public Relations
Telephone: 08 8234 9555
Email: john@fieldpr.com.au

or

Andy Bennett
Exploration Manager
Western Desert Resources Limited
Telephone: +61 8 8177 8800

Competent Persons Statements

The information in this report that relates to Mineral Resources at Area E East is based on information compiled by Mr Andrew Bennett. Mr Andrew Bennett is a full-time employee of Western Desert Resources Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Andrew Bennett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). Mr Andrew Bennett consents to the inclusion of this information in the form and context in which they occur.

The information in this report that relates to Exploration Results is based on information compiled by Graham Bubner who is a Member of the Australian Institute of Geoscientists. Mr Bubner is a full-time employee of Western Desert Resources Ltd and has sufficient experience relevant to the styles of mineralisation under consideration and to the subject matter of the report to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). Mr Graham Bubner consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

Appendix 1: JORC Code, 2012 Edition – Table 1 Area E-East Deposit

Criteria	Commentary
	Section 1 – Sampling Techniques and Data
Sampling techniques	• Reverse circulation (RC) samples were collected at 1 m intervals through either a cone or riffle splitter. • Diamond drill core was sawn in half or quarter with sample lengths determined by geological boundaries. • The entire Sherwin Iron Formation (SIM) and typically 3 m either side were sampled and assayed. • Sampling techniques are consistent with standard industry practice.
Drilling techniques	• Resource drilling has been primarily completed using RC methods with a face sampling hammer. Some diamond drilling has also been completed. • 821 RC holes have been drilled for a total length of 30,956 m. • 29 diamond holes for a total of 4,643.5 m have been drilled for metallurgical test work, geotechnical assessment and to increase Mineral Resource confidence. These holes were cored with HQ or PQ triple tube to maximize weight of sample and core recovery. Angled holes are oriented where possible to enable structural orientations to be measured.
Drill sample recovery	• Diamond drilling has recorded an average core recovery of >95%. • RC sample recovery was monitored by visually estimating the quantity and consistency of sample recovered, which is considered adequate to support Mineral Resource estimation. Sample volumes are consistent. • During RC exploration and resource definition drilling, it has been observed that there is loss of fines to dust. The loss of fines is not consistently observed and depends on the drill rig, air capacity, sampling system, degree of weathering, and water in hole. The effect of losing fines in RC samples is generally to bias the sample lower in iron grade, as has been demonstrated by comparing RC holes with diamond holes twins. This in turn results in an under-estimation of the true iron grade. No adjustment for this bias has been applied in this Mineral Resource estimate.
Logging	• All drillholes have complete geological logs which capture all relevant features to support this Mineral Resource estimate. The data has enabled establishment of a robust geological model. • Chip tray records for all RC exploration holes drilled and remaining diamond core are stored on site for future reference. • All diamond core has high resolution photography.
Sub-sampling techniques and sample preparation	• The vast majority of samples in the SIM were dry. • Typically 2–3 kg samples are presented to the laboratory. Samples are oven-dried at 105° C, crushed and pulverised to 85% passing 75 microns using an LM5 pulveriser prior to X-ray fluorescence (XRF) analysis. A 200 gm sample is extracted from the pulverised material for analysis. These are industry standard sample preparation techniques for iron ore. • The sample sizes are considered to be appropriate to the grain size of the material being sampled. A broad zone of Fe mineralisation exists with internal architecture which is able to be discerned using 1 m sample intervals.
Quality of assay data and lab tests	• Exploration data was analysed by National Association of Testing Authorities accredited laboratories ALS and/or Bureau Veritas. • Grade control data was analysed by an onsite laboratory operated by Bureau Veritas. • Samples are fused with lithium borate flux to form a glass disc and analysed by XRF. • In addition to internal laboratory quality control, WDR performed external quality checks which included the submission of field duplicates (1 in 25 samples) and certified reference materials (1 in 25 samples) as well as periodic external laboratory tests (umpire samples). • WDR has created its own set of matrix matched certified reference materials which have been in use since mid-2013. • The internal and external quality checks show that a high confidence can be placed on the precision and accuracy of the analytical data. • A downhole geophysical tool was used to measure insitu density. The tool accuracy is +/- 0.05 g/cm^3. Calibration and data filtering is carried out by a geophysical contractor.
Verification of sampling and assaying	• Significant intersections have been verified by numerous consultants and alternative company personnel. • External laboratory checks (umpire samples) showed results consistent with the primary laboratory data. • Twinned holes shows a high level of repeatability of the data, notwithstanding a slight negative bias in RC exploration samples due to loss of fines (refer “Drill Sample Recovery” section). • No data adjustments have been applied.

Criteria	Commentary
Location of data points	• Collar coordinates were surveyed using differential global positioning system instruments with +/-0.05 m accuracy. • Downhole directional data is obtained by first preference from downhole wireline logging tools at 5 cm intervals (composited to 10 m) and by second preference from a single shot Eastman camera. There is no magnetic rock interference with readings. • The accurate collar and downhole survey data gives high confidence in the location of data points. • Grid coordinates are in Map Grid of Australia (MGA94) Zone 53. No local or mine grids are used. • The topography Digital Terrain Model (DTM) was created from an aerial photography survey in 2008 gridded to 5x5 m with 0.5 m breakpoints.
Data spacing and distribution	• Drill spacing is variable within the deposit. • Grade control drilling has been undertaken on a 10 m E x 10 m RL pattern to 0 m RL between 8,324,000 m N and 8,325,350 m N. • The upper portions of the SIM have been drilled on 100 m sections, with holes 10 m to 40 m apart. • Deeper portions of SIM which dip more shallow have been drilled on approximately a 200 x 200 m grid. • The mineralised domains have sufficient geological and grade continuity to support the estimation of Mineral Resources and Ore Reserves given the current drill density. • Samples are mostly collected at 1m intervals. Samples were composited to 1 m prior to grade interpolation. This was considered appropriate given that the vast majority of the samples have been collected over this interval.
Orientation of data in relation to geological structure	• Drilling is generally perpendicular to the strike of mineralisation and generally at a high angle to the mineralisation. • Some drillholes have been drilled sub-parallel to the orientation of mineralisation largely due to uncertainty in the orientation at the time of drilling or difficulty in placing the rig due to terrain. • No orientation based sampling bias has been identified.
Sample security	• Chain of custody is managed by WDR. Samples were labeled, bagged and transported with standard sample submission templates to the laboratory where they were catalogued and checked.
Audits or reviews	• No audits or reviews of the sampling techniques have been carried out. All data has been intensively reviewed by the Competent Persons and is considered to be very high quality.

Section 2 – Reporting of Exploration Results

Mineral tenement and land tenure status	• The Area E East deposit occurs on Mining Lease ML28264 which is 100% owned by WDR Iron Ore Pty Ltd. The leases lie entirely within Crown Lease 346. WDR have a "Mining and Co-Existence Agreement" with the Northern Land Council for mining and transport of iron ore. A $0.60/dmt combined royalty is payable to prospectors for mining at the Area E East deposit.
Exploration done by other parties	• No relevant previous exploration was undertaken prior to commencement of exploration by WDR.
Geology	• Iron mineralisation occurs as hematite in oolite and ferruginous siltstone of the SIM. The SIM was deposited around 1420Ma in an agitated shallow marine setting. The SIM forms prominent outcrop along topographic highs and it dips gently, except where it abuts the Hells Gate Hingeline where thrusting has moved it into a vertical position and locally overturned the sequence.
Drill hole information	• Material exploration data has been previously reported in accordance with ASX Listing Rules. Drilling information used in the Mineral Resource estimate is summarised in the preceding section.
Data aggregation methods	• Not applicable – no exploration results are being reported.
Relationship between mineralisation widths and intercept lengths	• Not applicable – no exploration results are being reported.
Diagrams	• A summary plan is presented in the body of the report.
Balanced reporting	• Not applicable – no exploration results are being reported.

Criteria	Commentary
Other substantive exploration data	• In addition to the vast drill hole dataset, WDR have collected airborne magnetic, radiometric, gravity and photographic data, as well as ground based gravity and electromagnetic data. This has assisted targeting and geological interpretation.
Further work	• Further drilling is required in areas of low confidence (Inferred Mineral Resource category).

Section 3 – Estimation and Reporting of Mineral Resources

Database integrity	• Grade control and exploration drilling data are stored in separate MS Access databases which are maintained, validated and backed-up by senior site geologists. • The wireline database is maintained and validated by a consulting geophysicist. • All drilling data was collected by WDR using the same logging techniques, so there are no legacy data issues. Some geologists have worked on the project since inception, helping to ensure consistency of data collection techniques. • The databases are considered to be of high quality.
Site visits	• The Competent Person Mr. Andrew Bennett is regularly on site and is intimately associated with the collection, analysis and interpretation of the data.
Geological interpretation	• There is a good continuity of geological domains throughout the Area E East deposit. • The distribution of high grade mineralisation is controlled by oolitic units within the SIM. • Sectional interpretation is used to create high quality geological solid interpretations which are used as hard boundary constraints for grade estimation. • Interpretations have matched well with what is observed in mining. Ore spotters are employed to ensure mining occurs according to the geological domains.
Dimensions	• The SIM is approximately 20–30 m wide and occurs over the entire 3.3 km of strike length. • There are two prospective oolite horizons or domains within the SIM that vary between 1 m and 15 m thick (true). • Mineralisation follows the orientation of the SIM, which is generally vertical and east-west striking in the far north of the deposit, but then trends southwards in a curvilinear orientation with a dip that gradually changes orientation from -60°SW to -15°NW. The SIM is locally folded. • Thickening of geological domains is observed in fold hinges.
Estimation and modelling techniques	• Ordinary kriging (OK) was used for the estimation of SIM grades (Fe, SiO_2, Al_2O_3, LOI, P, S, CaO, MnO, K_2O MgO) into the block model. • Tonnage estimates have been based estimated using regression equations which rely on the correlation of Fe and density. The iron values from assays were compared with the density values from wireline logging data to inform the regression. • All drilling data was composited to 1 m. • Variography was completed for all estimated variables. • Gemcom Surpac software has been used for grade estimation. • Parent blocks were 10 m E x 10 m N x 10 m RL with sub-celling to 1.25 m E x 1.25 m N x 1.25 m RL which has been chosen for compatibility with grade control data spacing and to honour narrow oolite domains. • 14 estimation domains and a 3-pass sample search were used to honour the orientation of geological units within the SIM. • No assumptions were made regarding selective mining units. • Hard boundaries were used between grade estimation domains. • Hard boundaries were used across oxidation profiles for Al_2O_3, CaO, MgO, LOI, S, K_2O, bulk density. Soft boundaries were used across oxidation profiles for Fe, SiO2, P and MnO. • There were no significant outliers in the dataset and therefore grade cutting was not considered necessary. • No assumptions regarding correlation between variables were applied. • Sectional mineralisation interpretations were linked to build 3-dimensional mineralisation models. The mineralisation models represent stratigraphic units within the SIM. Boundaries to the units were determined using logging codes and analytical data. These models were used to flag the block model. • Visual validation of the model was completed by comparing drill hole and model grades on drill sections and by comparing global averages of composite samples versus the block model for each domain. • Waste rock has been estimated using two domains either side of the SIM and broader search parameters due to sparse data.
Moisture	• Tonnages are reported on a wet basis. • Moisture is not estimated into the block model. Average insitu moisture of all rock types measured on the Roper Bar deposits is 3.3% (from 2261 water immersion tests), and the average within oolitic units is 4.5% (from 440 water immersion tests).

Criteria	Commentary
Cut-off parameters	• A 30% Fe cut-off has been applied when reporting Mineral Resources which is consistent with previous reports. • Metallurgical test work has not yet determined the most appropriate lower cut-off grade; however the test work has demonstrated that samples at 38% iron head can be readily upgraded to a saleable product, so the 30% Fe cut-off is deemed reasonable. Further test work is required to determine the optimal cut-off grade, which may revise the estimated resource tonnage up or down.
Mining Factors or assumptions	• No mining factors have been applied other than cut-off grade mentioned above.
Metallurgical Factors or assumptions	• No metallurgical factors have been applied. • The Mineral Resource cut-off assumes that mineralisation above 30% Fe can be beneficiated to a saleable product.
Environmental Factors or Assumptions	• No environmental factors have been applied. • The Mineral Resource assumes that the Little Towns ephemeral stream will be appropriately managed during mining operations. • The waste rock is geochemically inert, and it is assumed that onsite procedures will handle minor quantities of potentially acid forming material to eliminate any risk of acid mine drainage.
Bulk density	• Wet insitu density was measured with a downhole wireline tool operated by Borehole Wireline contractor, with measurements taken at 5 cm intervals. Accuracy of tool is approximately +/- 0.05 g/cm^3 and the tool is calibrated approximately every 2 weeks during its use by running it on a set of repeat holes. • Grade control holes are not probed with the wireline tools. • Wireline data is validated by consultant geophysicists and used to estimate density into the block model. • Comparison of the wireline method with water immersion data shows a good correlation which gives further confidence in the results. • Regression formulas for using iron to assign densities has been investigated and compared to estimated densities.
Classification	• The Mineral Resource has been classified following due consideration of all criteria contained in Section 1, Section 2 and Section 3 of JORC 2012 Table 1. • After giving due consideration to the integrity of all input data, the distribution of data, confidence that can be placed in the geological model and grade continuity, Mineral Resource classification has been based on interpreted wireframes that were defined around coherent zones. The following guidelines were used: Measured: Drilling at 50m along strike x 15m down dip or denser Indicated: Drilling at 100m along strike x 25m down dip or denser Inferred: Drilling at 800m along strike x 100m down dip or denser • The use of these categories is consistent with other Roper Bar deposits, but has resulted in a downgrade of confidence below the level of grade control drilling (0 m RL), primarily from Measured to Indicated. This is because 100 m spaced sections were previously considered sufficient to support a Measured classification (2012 Mineral Resource estimate). After mining commenced, greater than expected level of geological complexity was found to exist and the drill pattern required to support a Measured classification was re-assessed. • The Mineral Resource estimate appropriately reflects the Competent Person's views of the deposit.
Audits or Reviews	• The model and methodology used to create the Mineral Resource estimate was completed by WDR and internally peer reviewed.
Discussion of relative accuracy/ confidence	• The Mineral Resource accuracy is communicated through the classification assigned to various parts of the deposit. The Mineral Resource estimate has been classified in accordance with the JORC Code, 2012 Edition using a qualitative approach after due consideration of all classification criteria contained in Section 1 and Section 3 of this Table. • The statement relates to global tonnage and grade estimates. • The Mineral Resource estimate has been compared with production data. Reconciliation results are broadly consistent with the expected accuracy of Mineral Resource estimate.