

MARKET UPDATE – JUNE 2014

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\$204m

DIRECTORS

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

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The Directors of Western Desert Resources (ASX: WDR) provide the following operational performance update for the month ended 30 June 2014.

Operational:

- Deployment of new multicat tug on 23 June 2014 results in record ship loading timeframe of 5 days for a 55,000 tonne vessel prior to 30 June 2014;
- Successful transition to new Barging Operator from 15 June 2014 results in a 50% improvement in shipping volumes in the second half of June 2014, with WDR's targeted run rate of 10,000 tonnes per day being achieved during discharge to final vessel of the month;
- Deployment of additional tug to site on 3 July 2014, which will complement existing fleet and provide an additional uplift in capacity; and
- Positive resource updates for Area F and Area E reported, to be followed by a Reserve Statement in July 2014.

Corporate:

- WDR Board appoints Ord Minnett and Somerley International Limited as Advisors to perform a strategic review of the Project with a focus on identifying and securing a strategic partner to develop Stage 2 of the Roper Bar Project;
- WDR strengthens executive management team through the appointment of former Kimberley Metals Group Chief Executive, Duncan Coutts, to site based operational consultant role; and
- Management focus on cutting costs through targeted productivity improvements and optimisation of logistics chain, focussing particularly on mining productivity and improvement in shipping volumes.

LOGISTICS “PIT TO PORT” PERFORMANCE UPDATE

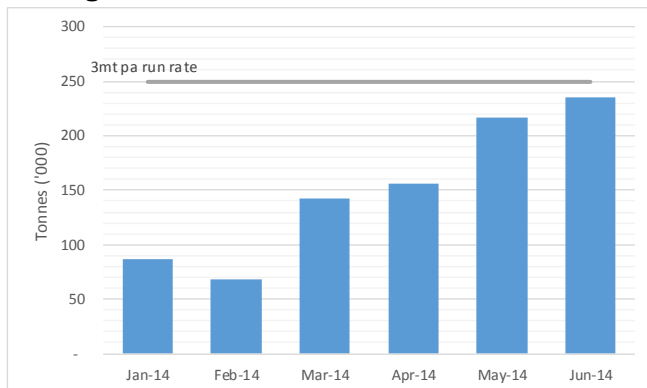
WDR’s “Pit to Port” logistics chain continued to ramp-up during the month of June following a significant upscaling of operations in May.

This resulted in 235kt of Direct Shipping Ore (DSO) being mined, 251kt of DSO being crushed and 178kt of DSO being hauled to the Bing Bong Loading Facility. Most notably, the transition to WDR’s new Barging Operator from 15 June 2014 resulted in a significant improvement in shipping volumes, with WDR achieving its targeted rate of 10,000 tonnes per day during the final week of operations in June and achieving a record load-out cycle time of 5 days for a 55,000 tonne vessel.

Following a poor start to the month, WDR managed to tranship 170kt for the month of June and expects the significant improvement in its transhipping operations to continue following deployment of a second fit for purpose tug to site on 3 July.

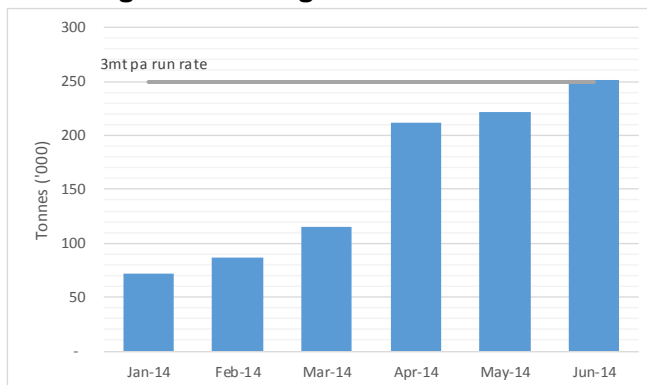
The ramp-up of WDR’s “Pit to Port” logistics chain has resulted in stockpiles of approximately 70kt pre crusher, 90kt post crusher and 140kt of crushed DSO product accumulating at the Bing Bong Loading Facility (BBLF) ready to be exported.

Mining



- 235k tonnes of Direct Shipping Ore (DSO) mined in June
- Increased access to ore in Danehill pit assisting with tonnage volumes;
- Pit optimisations currently being finalised; &
- Mining productivity and cost saving initiatives targeted.

Crushing & Screening

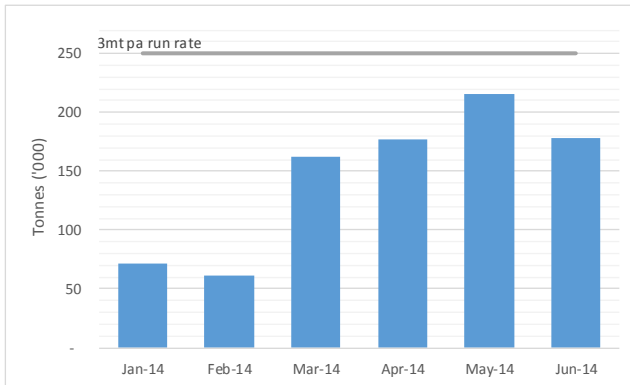


- 251k tonnes crushed in June;
- Improved performance commensurate with drier conditions and quality of feed; &
- Crushing circuit efficiency and productivity improvements targeted.

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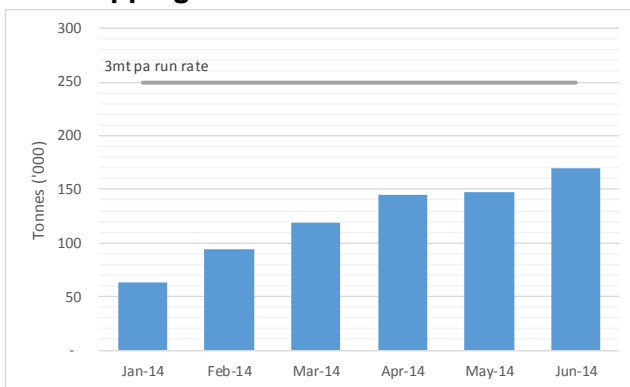
4 July 2014

Road Haulage



- 178k tonnes hauled in June;
- Hauling operations scaled back for the month given significant stockpiles at BBLF ready for transshipping; &
- Haul road infrastructure performing well.

Transshipping



- 170k tonnes transhipped in June;
- Successful transition to new Barging Operator from 15 June 2014;
- Deployment of new multicat tug on 23 June 2014 results in record ship loading timeframe of 5 days for a 55,000 tonne vessel; &
- Further tug arrived to site on 3 July 2014 and expected to provide an additional uplift in capacity.

Note: Tonnages reported are on a wet metric tonne basis and based on internal production data which has not been reconciled to end of month (EOM) Survey Data.

ROPER BAR STAGE 2

Notwithstanding the Company’s present focus on ramping up Roper Bar’s DSO production and optimising the project’s logistics chain, WDR continues to explore options for “Stage 2” beneficiation and transport of low grade material which occurs in vast quantities throughout the Sherwin Iron Formation on the 100%-owned exploration and mining leases.

Stage 2 of the Roper Bar Project contemplates beneficiation of low grade mineralisation already defined throughout the project, including low grade stockpiles already delivered to the ROM pad as a by-product of the DSO operation. Stage 2 offers the potential for an expanded operation with increased annual production, low operating costs and long mine life.

In order to progress Stage 2 of the Project the WDR Board has appointed Ord Minnett and Somerley International Limited as advisors to perform a strategic review of the Project. The core focus is on identifying and securing a strategic partner to develop Stage 2 of the Roper Bar Project and maximising the considerable shareholder returns expected to be generated through the processing and monetisation of free issue low grade material generated from the DSO mining project, together with beneficiation of significant additional low grade material which occurs in vast quantities throughout WDR’s 100% owned mining leases.

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4 July 2014

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