

## QUARTERLY REPORT - MARCH to JUNE 2014

### **Key Points:-**

The Directors of Western Desert Resources (ASX: WDR) provide the following report on activities for the Company's Roper Bar iron ore mining project in the Northern Territory during the quarter ended 30 June 2014.

### **Operational:**

- Continued ramp-up of "Pit to Port" logistics chain throughout the June Quarter provides platform to achieve annualised production run rate of 3 million tonnes per annum (tpa) during the September 2014 Quarter;
- Successful transition to new Barging Operator from 15 June 2014 results in a significant improvement in shipping volumes, translating to a record monthly shipping performance of 250,000 tonnes achieved in July 2014;
- WDR is confident of further improvements to shipping capacity following deployment of full fleet in late August 2014, together with further operational efficiencies and enhancements currently being implemented;
- Significant increase in crushed DSO stocks on the ROM and Bing Bong Loading Facility (BBLF) at 30 June 2014 given slower than anticipated ramp-up in shipping volumes throughout the June Quarter;
- Resource updates reported during the June Quarter demonstrate increase in both tonnes and grade for WDR's Stage 1 DSO Operation, with further improvement expected as a consequence of additional grade control drilling to be undertaken below 0m RL; and
- Release of Reserves Statement post quarter-end supports a minimum 5 year high grade Stage 1 DSO operation of 3 million tpa, with significant upside to extend mine life.

### **Corporate:**

- WDR Board appoints Ord Minnett and Somerley International Limited as Advisors to perform a strategic review with a focus on identifying and securing a strategic partner to develop Stage 2 of the Roper Bar Project;
- Stage 2 offers the potential for a significantly expanded operation which involves the beneficiation and transport of low grade mineralisation already defined throughout the

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project, providing the opportunity to significantly increase annual production, reduce operating costs and increase mine life;

- WDR strengthens executive management team through the appointment of former Kimberley Metals Group Chief Executive, Mr Duncan Coutts, to site-based operational consultant role;
- Notwithstanding the current cyclical reduction in iron ore pricing, WDR has hedged approximately two thirds of production for the forthcoming September quarter, followed by one quarter of production for the December 2014 and March 2015 quarters, ensuring price protection for quantities hedged during this period;
- Management focused on continuing to cut costs through targeted productivity improvements and optimisation of logistics chain, particularly on mining productivity and improvement in shipping volumes;
- WDR secured a deferral of its scheduled debt amortisation with Macquarie Bank Limited on 30 June 2014 and is in the process of negotiating a revised repayment profile and term of the debt facility in light of the Company's slower than expected ramp-up in operations and current reduced pricing environment, together with a significantly improved reserves position; and
- WDR focussed on reducing finished goods inventory balance during September Quarter through increased shipping volumes and effective logistics chain management to improve operating cash flow and reduce investment in working capital/finished good inventory.

WDR Managing Director, Mr Norm Gardner, said: "The ramp-up in WDR's Pit to Port Logistics Chain has proved very challenging and we are pleased to have developed the platform to achieve our annualised production rate of 3 million tonnes per annum during the September Quarter."

"The improved shipping performance achieved in June and July has been extremely pleasing and we are confident of further improvement in this area by upgrading hardware and process operations at site," Mr Gardner said.

"While the current softening of iron ore prices and the resilient Australian dollar represent an immediate challenge to producers, WDR has hedged two thirds of its price exposure for the September Quarter and has the capacity to deliver significant improvements through higher grade and quality lump products," he said.

"In addition, management is pursuing a number of DMS Plant opportunities which should provide WDR with the ability of being able to upgrade existing high grade roper red product and deliver near 62% Fe product to China."

"Furthermore, the WDR management team remains committed to further reducing costs through targeted productivity improvements and optimisation of the logistics chain in order to withstand the cyclical nature of the iron ore industry."

## LOGISTICS “PIT TO PORT” OPERATIONAL PERFORMANCE

### ROPER BAR IRON ORE PROJECT (WDR 100%)

WDR’s “Pit to Port” logistics chain continued to ramp-up throughout the June Quarter, with a significant improvement in production performance compared to the March Quarter.

This resulted in 593kt of Direct Shipping Ore (DSO) being mined, 669kt of DSO being crushed and 570kt of DSO being hauled to the Bing Bong Loading Facility.

Most notably, the transition to the Company’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.

WDR shipped 464kt for the June Quarter and has continued to increase its month on month shipping performance, resulting in a total of approximately 250,000 tonnes being loaded in July with a further improvement expected following deployment of the final tug fleet in late August 2014.

Summary production information for the Company’s wholly-owned Roper Bar iron ore operation in the Northern Territory (Figure 1) is provided in Tables 1 and 2 below:

**Table 1: Production**

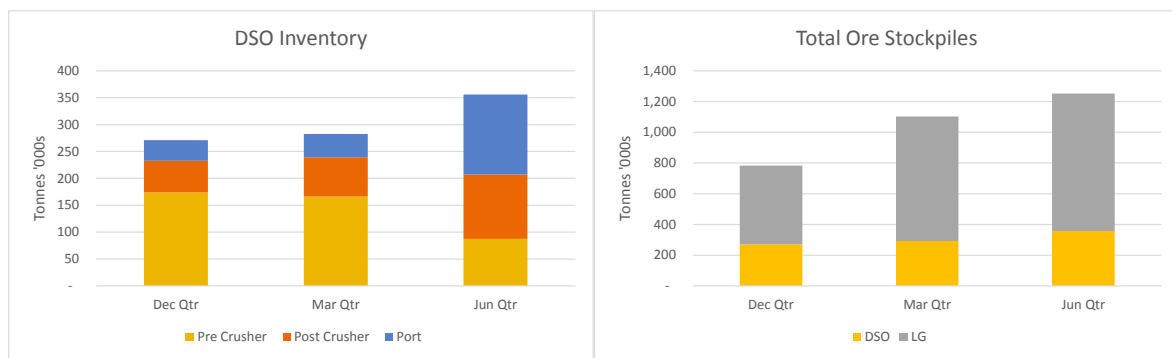
Production Performance	June Quarter 2014 (wmt)	March Quarter 2014 (wmt)	Dec Quarter 2013 (wmt)
Ore Mined	592,706	297,956	338,111
Ore Crushed	669,092	274,457	121,325
Ore Hauled	570,276	294,866	62,226
Ore Shipped	464,396	276,999	24,134
Low Grade Ore Mined	254,665	163,137	512,055

**Table 2: Stockpile Inventory**

Stockpile Inventory	June Quarter 2014 (wmt)	March Quarter 2014 (wmt)	Dec Quarter 2013 (wmt)
ROM <sup>1</sup> Precrusher	<b>87,400</b>	166,066	173,742
ROM <sup>1</sup> Crushed	<b>119,551</b>	73,281	59,099
Bing Bong Loadout Facility	<b>149,068</b>	43,119	38,092
<b>TOTAL DSO STOCKPILE</b>	<b>356,019</b>	<b>282,466</b>	<b>270,933</b>
Low Grade ( <i>Free Issue Stage 2</i> )	<b>929,857</b>	675,192	512,055
<b>TOTAL ORE STOCKPILE</b>	<b>1,285,876</b>	<b>957,658</b>	<b>782,988</b>

Note 1: ROM = Run-of-Mine

**Table 3: Quarterly Stockpile Inventory Analysis**



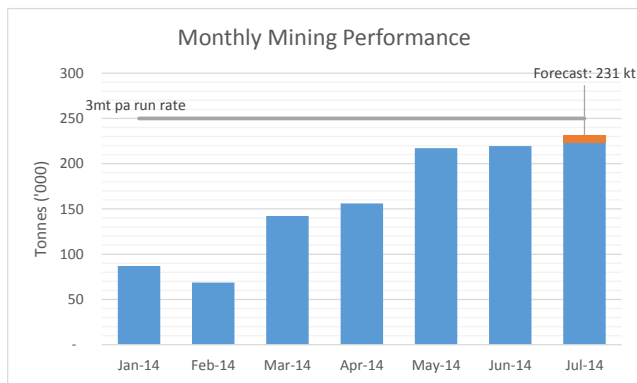
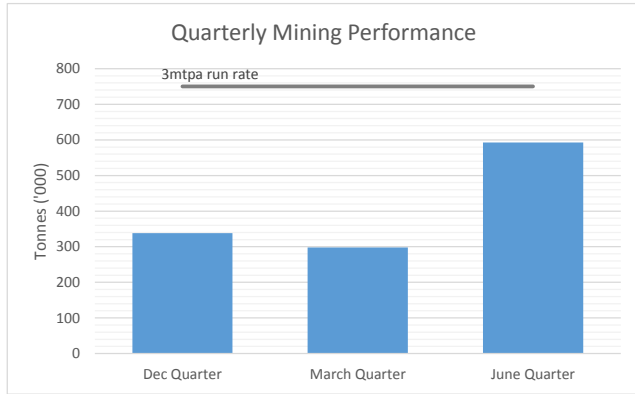
As highlighted in the above production analysis, the ramp-up of the Company’s “Pit to Port” logistics chain has resulted in ROM stockpiles of approximately 87kt pre crusher and 120kt post crusher, with 149kt of crushed DSO product accumulating at the Bing Bong Loading Facility (BBLF) ready to be exported.

As shipping rates continue to improve, WDR expects its post crusher finished goods stockpiles at the ROM and BBLF to reduce, ensuring a commensurate improvement in cash flow and reduction in working capital funding commitments.

In addition to DSO, 254k tonnes of low grade material was mined during the period, resulting in a total stockpile of 929k tonnes of low grade material at the end of June. Low grade ore is stockpiled for future blending and for use as part of Stage 2 of the Project (refer to Exploration & Research Development Section below). The cost of mining low grade stockpiled ore is included in the C1 cash costs of Stage 1 DSO operations, hence it represents free issue ore ready for future use.

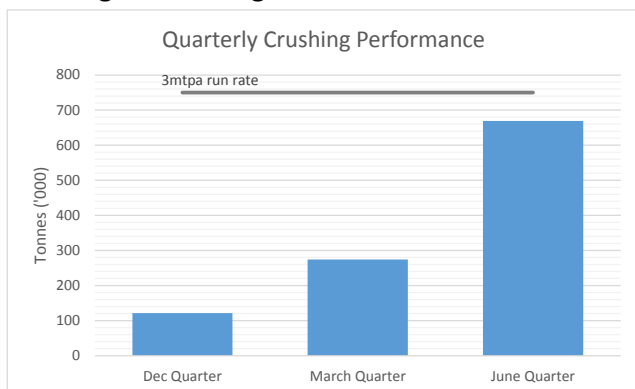
## “Pit to Port” Logistics Chain Quarterly & Monthly Performance Summary

### Mining



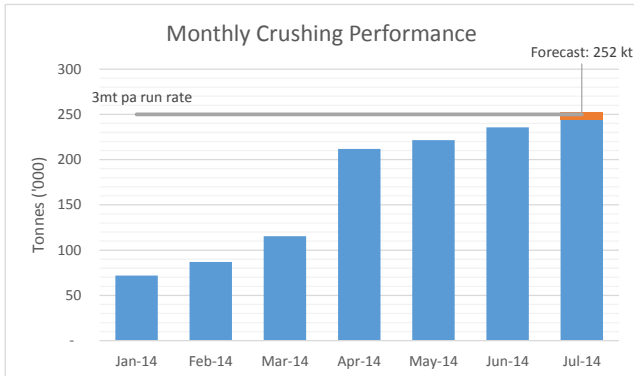
- 592k tonnes of Direct Shipping Ore (DSO) mined in the June Quarter;
- Return to dry conditions and greater access to ore in Danehill pit assisted with increase in tonnage volumes;
- Continued monthly improvement in mining performance;
- Mining productivity and cost saving initiatives targeted in September Quarter;
- Pit optimisations currently being finalised;
- Resource Update and Reserves Statement released during July which confirm significant opportunity to upgrade tonnage and grade of DSO Reserves together with duration of DSO operation (Stage 1); &
- Lump to fines ratio of 70% lump and 30% fines achieved for the quarter and expected to improve with further refinement of drill & blast patterns and exit of oxide zone moving forward.

### Crushing & Screening



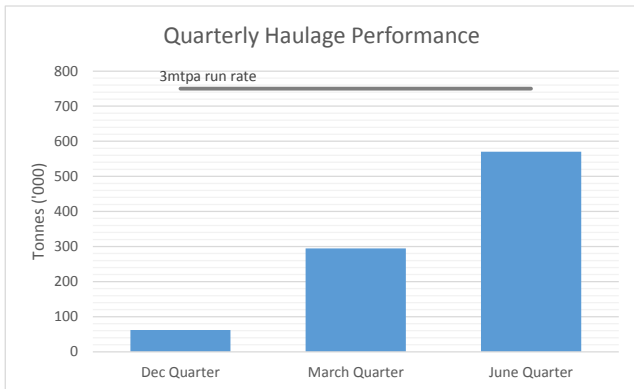
- 669k tonnes crushed in June;
- Improved performance commensurate with drier conditions and quality of feed as mining has completed digging in the oxide zone; &
- WDR considering fixed plant, DMS and spirals plant opportunities in order to upgrade the quality and grade of WDR's roper red DSO product.

## Crushing & Screening (Continued)

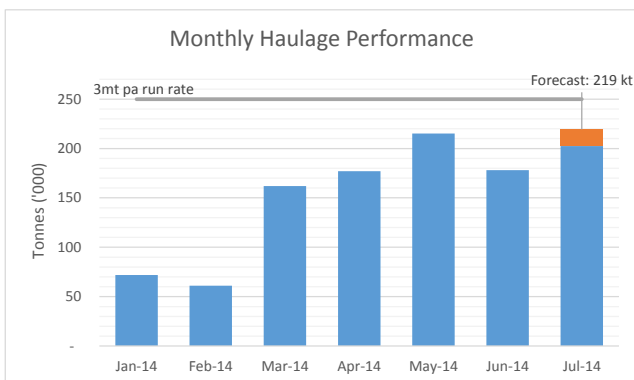


- Month on month improvement expected to continue; and
- Crushing circuit efficiency and productivity improvements to be implemented in September Quarter.

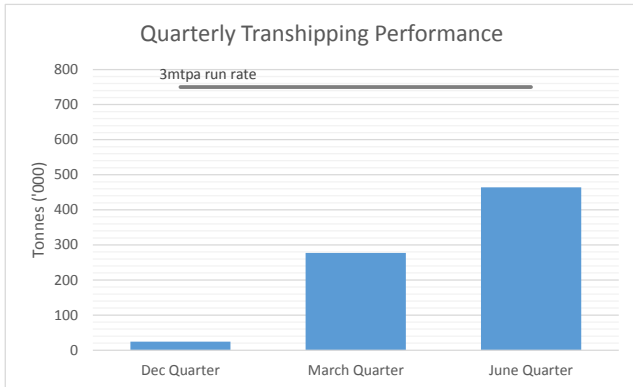
## Road Haulage



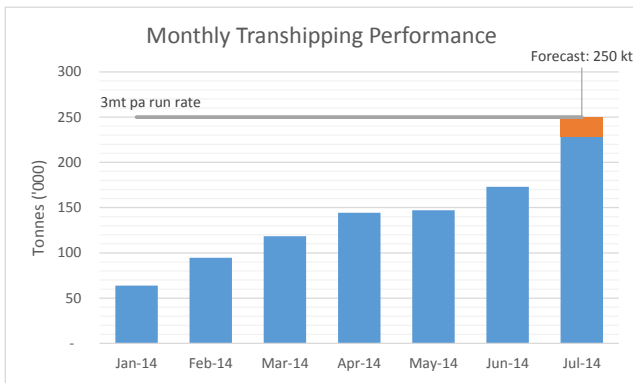
- 570k tonnes hauled in June Quarter;
- Hauling operations not operating at full capacity given significant stockpiles at BBLF ready for transshipping;
- Additional hauling capacity to be deployed in September Quarter, with full fleet of 18 customised road trains (17 operational 1 spare) expected to be fully operational (150t Payloads);
- Haul road infrastructure performing well.
- 4 trips per truck each day; and
- 10,200 tonne per day capacity with additional trucks available.



## Transhipping



- 464k tonnes transhipped in June;
- Successful transition to new Barging Operator from 15 June 2014;
- Deployment of new multi-cat tug on 23 June 2014 results in record ship-loading timeframe of 5 days for a 55,000 tonne vessel;
- July shipping achievement of 250k tonnes represents record performance to date; &
- Further uplift in September quarter expected following deployment of full fleet to site.



## Operating Costs

Operating costs for the June quarter were impacted by the following:

- Fixed costs absorbed over a lower production base given the ramp-up of WDR's Pit to Port logistics chain throughout the Quarter;
- One-off de-mobilisation costs associated with removing redundant shipping fleet assets;
- Establishment and mobilisation costs associated with new mining and transhipment equipment, including excavators, dump trucks, barges and tugs; and
- Significant demurrage costs for vessels waiting in Port to be loaded given slower than expected improvement in transhipment loading rates and performance during the quarter, which has subsequently been rectified.

WDR Management is focussed on cutting costs through:

- Ramp up to full production levels across the Pit to Port logistics chain;
- Existing cost and productivity initiatives;
- A formal Pit to Port cost reduction program, incorporating:

- Reduction in materials handling interfaces throughout the project;
  - Increasing equipment productivity and removing redundant capacity;
  - Business Process Optimisation; and
  - Improvement to ore control and tracking throughout the logistics chain.
- Further economies of scale associated with ramp up in production.

WDR's quarterly cash flow statement is reported in the accompanying Appendix 5B.



## MARKETING

WDR sells its Roper Red iron ore product via an Offtake Agreement (OTA) with Noble Resources Ltd (Noble) at market spot prices, based on the Platts CFR62 price (cost and freight of 62% Fe fines delivered into North China).

The OTA provides for industry standard adjustments for Fe, Si and any other applicable variances from the Platts Index specifications. Accordingly, the realised CFR price is less than the headline CFR62 price due to actual physical grade delivered and variations to index specifications. In addition, WDR is paid a premium for its lump product.

Iron ore pricing fell by a further 15% during the June Quarter, with the Platts CFR 62% Fe INDEX averaging \$USD103 compared with \$USD120 averaged during the March Quarter.

The impact of the fall in the iron ore price was further compounded by a strengthening of the Australian dollar, a fall in lump premiums being offered in the market and an increase in discounts being offered for impurities during the Quarter.

Notwithstanding the current cyclical reduction in iron ore prices, WDR has hedged approximately two-thirds of expected Roper Bar production for the September Quarter at an average price of \$A120 per dry metric tonne (dmt) for 62% Fe on a CFR China basis. In addition, the Company has hedged approximately one quarter of expected production for the December 2014 and March 2015 Quarters at an average price of \$A115 per (dmt) for 62% Fe on a CFR China basis, offering WDR price protection for hedged quantities in the short term.

The Company expect its Roper Red product to continue to be in strong demand from blast furnaces due to its very low levels of phosphorous, sulphur, other impurities, and ability to vary grade in line with customer expectations.

Roper Red iron ore exported product achieved an average grade of 59.94% Fe and 9.5% Si for the June Quarter.

The average CFR sales prices realised for Roper Red during the quarter was AUD\$104 per dmt in accordance with its hedged rate following grade and impurity penalties as outlined above. In addition, the realised price was affected by variability in physical specification of the Roper Red product for the Quarter which has since been rectified through optimisation of crushing circuit configuration and associated processes, together with improved feed quality as mining in the oxide zone is substantially complete.

## OUTLOOK

WDR is pleased to advise it achieved a record transshipping performance of 250,000 tonnes in July and is confident it can achieve its full annualised production run rate of 3 million tonnes per annum throughout its Pit-to-Port Logistics chain during the September 2014 Quarter.

Whilst USD CFR pricing has fallen in recent months, WDR has hedged approximately two thirds of production for the forthcoming September quarter, followed by one quarter of production for the December 2014 and March 2015 quarters, ensuring price protection for hedged quantities in the short term during these months.

Given the reduction in iron ore price and concurrent widening of index spreads for impurities, WDR is implementing the following additional measures to maximise margin and cashflow:

- Focus on delivering high grade ore > 60% Fe, which represents a significant advantage over most other producers;
- Strategy to implement a Dense Media Separation (DMS)/Spirals Plant to upgrade lower grade blendable DSO material and ensure the grade of DSO exported is maximised over the medium to longer term;
- Focus on cutting costs through targeted productivity improvements and optimisation of logistics chain, focussing particularly on mining productivity and improvement in shipping volumes/efficiency; and
- Focus on reducing finished goods inventory balance during September Quarter through increased shipping volumes and effective logistics chain management to improve operating cash flow and reduce investment in working capital/finished goods inventory.

In addition, WDR continues to progress and develop Stage 2 of the Project to beneficiate and transport 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 a significantly expanded operation with increased annual production, low operating costs and long mine life.

## EXPLORATION AND RESOURCE DEVELOPMENT

Western Desert Resources has a diverse range of exploration projects in different commodities and focussed entirely within the Northern Territory (Figure 1).

### PROJECT AREAS

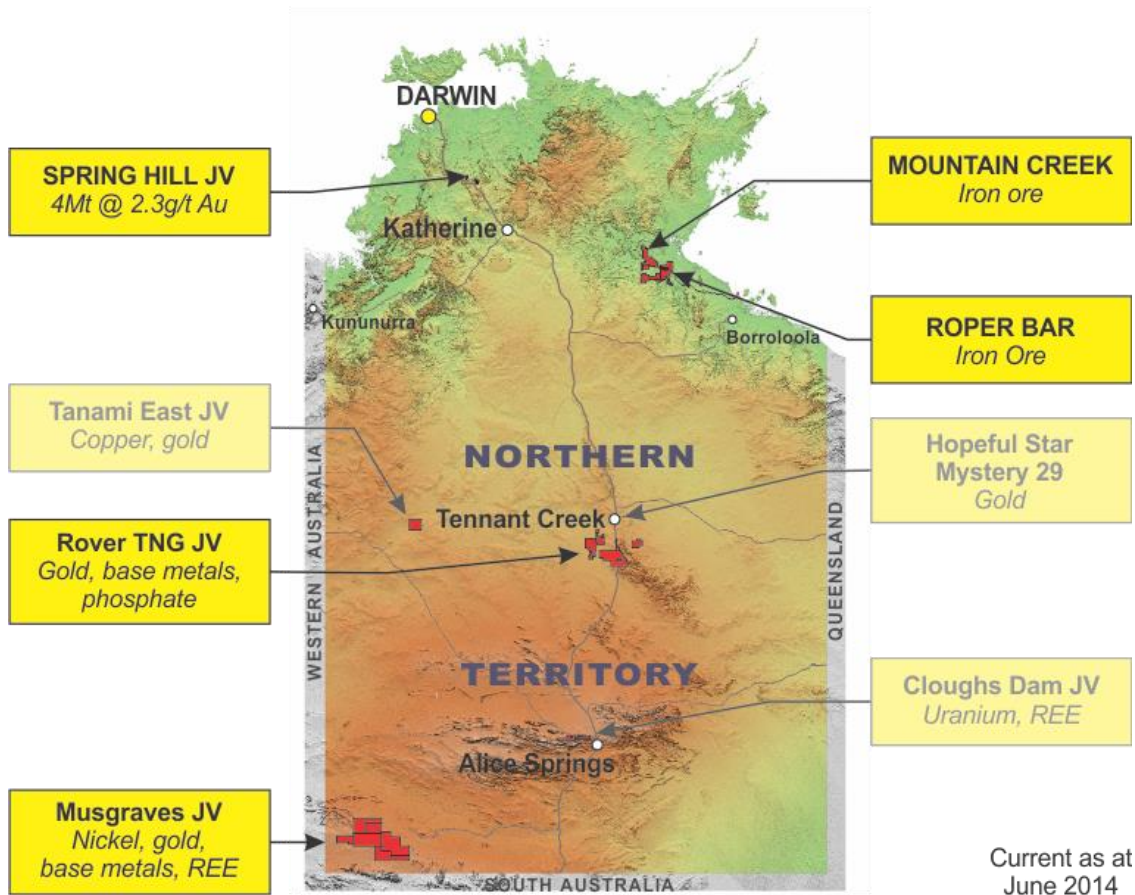


Figure 1: Project location map

### ROPER BAR STAGE 2 (WDR 100%)

Stage 2 of the Roper Bar Project involves beneficiation of low grade mineralisation already defined throughout the project, including low grade stockpiles already delivered to the ROM 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.

The low grade mineralisation occurs in vast quantities throughout the Sherwin Iron Formation on WDR's 100%-owned exploration and mining leases. The current JORC Code Compliant Mineral Resource estimates for the Roper Bar project area includes over 500Mt of low grade material suitable

for beneficiation. Metallurgical tests have shown the beneficiation route is viable and tests are ongoing to vector the optimum process for the most robust financial model. The June Quarter saw advances in concept studies involving beneficiation plant design and transport logistics options.

WDR intends to follow up promising results at locations outside the current Roper Bar Mining Lease over the next quarter to define additional high grade mineralisation for the current DSO operation as well as low grade mineralisation for Stage 2.

## **MOUNTAIN CREEK IRON ORE PROJECT (WDR 100%)**

The Mountain Creek Project is a large area of exploration tenure immediately adjacent to the Roper Bar Iron Ore Project. It consists of EL27143 and EL25688, which are both 100% owned by WDR.

Data validation and interpretation continued on results of drilling conducted in late 2013.

## **EAST ROVER PROJECT (WDR 80% ; TNG Ltd 20%)**

The East Rover Project covers two granted exploration licences in the lucrative Tennant Creek goldfields region, in joint venture with Tennant Creek Gold (NT) Pty Ltd. Under the terms of the Joint Venture and Farm-in Agreement, WDR has moved to 80% interest in the project.

No field activity occurred during the quarter.

## **SPRING HILL GOLD PROJECT (WDR divesting to retain 20%)**

The Spring Hill Project is a joint venture held with Thor Mining PLC (“Thor”), on the site of an historical gold mine in the Pine Creek Goldfield, 150 kilometres south of Darwin and close to the sealed Stuart Highway and other infrastructure. There is a Memorandum of Understanding (MOU) for the toll treatment of gold ore with Crocodile Gold Australian Operations Pty Ltd. A pit optimisation study in 2013 has determined that approximately 900,000t of ore from the upper portion of the resource can be mined, delivering 40,000oz gold at below A\$1,100/oz.

There were no announcements by Thor during the June Quarter.

## CORPORATE AND FINANCE

### Corporate Activities Summary – June quarter 2014

- Completion of fully underwritten rights issue, raising \$57m (after costs) during the Quarter
- Mr Scott Perrin and Mr Graham Bubner retire as Directors of WDR; and
- Mr Ross Blair-Holt appointed a Director of WDR.

### Capital Raising

WDR completed a fully underwritten 6 for 25 traditional renounceable entitlement offer on 15 April 2014 at an issue price of A\$0.50 per new WDR share (Entitlement Offer).

The Entitlement Offer raised \$57 million (after costs) and was used to:

- Repay short term working capital bridge funding of \$12 million to MBL;
- Settle derivative hedge liabilities of \$15 million;
- Pre-payment of Annual Port Access fee totalling \$5 million;
- Pay down trade creditors of \$10 million, including payment for one-off mobilisation charges for plant & equipment;
- Fund project development capex of \$5 million; and
- Provide \$10 million in cash.

The sources and uses of the Capital Raising Proceeds are outlined in the June Appendix 5B which accompanies this Quarterly Activities Report.

### Share Options:

There were no changes to the balance of share options held by Directors of the Company during the Quarter.

There were no changes to the balances of options held by any other parties.

### Securities on issue:

There were 500,040,257 ordinary shares on issue at 31 March 2014.

Following completion of the Entitlement Offer Capital Raising, 120,049,919 new shares were issued on 15 April 2014, increasing total ordinary shares on issue to 620,049,919.

There were 925,000 unlisted options outstanding at 30 June 2014.

## **Cash Position:**

Cash reserves stood at \$3.08 million at the end of the quarter.

The cash balance at 30 June 2014 was negatively impacted by the build-up of finished goods closing stocks on the ROM and BBLF due to the slower than anticipated ramp-up in WDR's shipping volumes, resulting in reduced cash inflows during the quarter.

The cash balance was also affected by the following delayed cash inflows at 30 June 2014 which were due to timing issues at year-end and subsequently received in early July 2014:

- Shipping proceeds receivable at 30 June 2014 totalling \$6.0 million;
- Realised hedge gain of \$4.0 million pertaining to June 2014 shipments; and
- Tax refund totalling \$4.7 million.

The subsequent improvement in July shipping volumes has significantly improved cash inflows for July 2014. WDR is focussed on reducing its finished goods inventory balance during the September Quarter through increased shipping volumes and effective logistics chain management to improve cash flow and reduce its investment in working capital.

## **Debt**

Total drawn debt with Macquarie Bank Limited (MBL) at 30 June 2014 was \$80.65 million.

WDR secured a deferral of its scheduled debt amortisation with MBL on 30 June 2014 and is in the process of negotiating a revised repayment profile and term of the debt facility in light of the Company's slower than expected ramp-up in operations and current reduced pricing environment, together with a significantly improved reserves position.

Subsequent to the end of the June Quarter, WDR has secured a \$5 million working capital finance facility from Hamerroo Pty Ltd, a related party of Mr Bruce Mathieson, which is subordinated to the MBL primary debt facility.

Mr Mathieson has expressed a desire to convert any drawn debt under the facility to equity as a further show of faith in the Company and Project. The WDR Board will put this resolution for Shareholder Approval at the Company's next scheduled Annual General Meeting.

# WESTERN DESERT

RESOURCES

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Managing Director

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Email: [john@fieldpr.com.au](mailto:john@fieldpr.com.au)

Telephone: 08 8177 8800  
Email: [info@wdrl.com.au](mailto:info@wdrl.com.au)



## **Competent persons Statements:**

*The information in this report that relates to Mineral Resources at Roper Bar at Areas D and E is based on information compiled by Sharron Sylvester who is a full-time employee of AMC Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). Sharron Sylvester consents to the inclusion of this information in the form and context in which they occur.*

*The information in this report that relates to Mineral Resources at Roper Bar at Area F is based on information compiled by Mr Aaron Meakin and Mr Andrew Bennett. Mr Aaron Meakin is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Aaron Meakin has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). All work relating to the estimation of mineral resources has been carried out under the supervision of Mr Aaron Meakin. 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 styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). All work relating to the classification of mineral resources has been carried out under the supervision of Mr Andrew Bennett. Mr Aaron Meakin and Mr Andrew Bennett consent to the inclusion of this information in the form and context in which they occur.*

*The information in this report that relates to the Spring Hill Mineral Resource is based on information compiled by Diederik Speijers who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Speijers is the principal of consulting firm McDonald Speijers. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Diederik Speijers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). Mr Bubner consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.*

## **Qualifying Statement**

*This release may include forward looking statements. These forward looking statements are based on WDR's expectations and beliefs concerning future events. Forward looking statements are inherently subject to risks, uncertainties and other factors, many of which are outside the control of WDR, which could cause actual results to differ materially from such statements. WDR makes no undertaking to subsequently update the forward looking statements made in this release to reflect events after the date of this release.*



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

WESTERN DESERT RESOURCES LIMITED

ABN

48 122 301 848

Quarter ended ("current quarter")

30 June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	39,296	79,124
1.2 Payments for (a) exploration	(443)	(762)
(b) evaluation & development	(5,409)	(129,682)
(c) production	(62,173)	(107,225)
(d) administration	(3,763)	(9,177)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	31	199
1.5 Interest and other costs of finance paid	(1,829)	(9,818)
1.6 Income taxes paid	0	0
1.7 Other (Net recovery of gst )	0	0
<b>Net Operating Cash Flows</b>	<b>(34,291)</b>	<b>(177,341)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	(1,314)	(7,548)
1.9 Proceeds from sale of: (a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other - Environmental performance bonds	0	2,341
<b>Net investing cash flows</b>	<b>(1,314)</b>	<b>(5,207)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(35,604)</b>	<b>(182,548)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(35,604)	(182,548)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	57,365	135,073
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	5,109	70,573
1.17	Repayment of borrowings	(12,000)	(12,000)
1.18	Dividends paid	0	0
1.19	Other (settlement of hedge liabilities)	(15,799)	(17,035)
	<b>Net financing cash flows</b>	<b>34,675</b>	<b>176,610</b>
	<b>Net increase (decrease) in cash held</b>	<b>(930)</b>	<b>(5,938)</b>
1.20	Cash at beginning of quarter/year to date	4,013	9,022
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	<b>Cash at end of quarter</b>	<b>3,083</b>	<b>3,084</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	3,855
1.24	Aggregate amount of loans to the parties included in item 1.10	0
1.25	Explanation necessary for an understanding of the transactions	
	<p>The amount of \$3,855,000 at 1.23 includes the following:</p> <ul style="list-style-type: none"> <li>- Contracting services to Remote Contracting Services \$3,450,000</li> <li>- Perrin Legal Pty Ltd \$189,596</li> </ul>	

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	
	• Leasing facility	0
	• Macquarie Bank Finance Facility	11,363
		80,650
3.2	Credit standby arrangements	0
		0

Subsequent to Quarter-end, WDR secured a \$5 million working capital finance facility from Hamerloo Pty Ltd, a related party of Mr Bruce Mathieson. The facility is subordinated to the MBL primary debt facility.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	(150)
4.2	Development	(2,500)
4.3	Production	(60,000)
4.4	Administration (includes net recovery of GST)	(2,500)
<b>Total</b>		<b>(65,150)</b>

*\*Note: Cash inflows from the export of iron ore in the September Quarter have been excluded from the above table.*

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,718	3,648
5.2	Deposits at call	365	365
5.3	Bank overdraft	0	0
5.4	Other (provide details)	0	0
<b>Total: cash at end of quarter</b> (item 1.22)		<b>3,083</b>	<b>4,013</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished during the quarter	EL28215 Chambers Bay West	100%	0%
		EL28216 Chambers Bay East	100%	0%
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.3 <b>+Ordinary securities</b>	620,049,919	620,049,919	N/A	N/A
7.4 Changes during quarter (a) Increases through issues <ul style="list-style-type: none"> <li>• Placement</li> <li>• Underwriting of entitlement offer</li> <li>• Exercise of Placement Options</li> <li>• Exercise of unlisted Director and Employee Options</li> </ul> (b) Decreases through returns of capital, buy-backs (c) Release from Escrow				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> Option Q* Option S*	575,000 350,000	0 0	<i>Exercise price in cents</i> 53.5218 80.0000	<i>Expiry date</i> 25/1/2015 10/10/2014
7.8 Issued during quarter	0	0		
7.9 Exercised during quarter Option M*	0	0	0	0
7.10 Expired during quarter	0	0		
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

\*Options Q and S - Options issued pursuant to the WDR Employee Share Option Plan.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....*Mark Seatree*..... Date: 31 July 2014  
Print name: Mark Seatree

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.