2009

ANNUAL REPORT

# Western Desert Resources Limited

WesternDesert RESOURCES

ABN 48 122 301 848

## ANNUAL GENERAL MEETING

The annual meeting will be held as follows:

**Venue**
TRAVELODGE MIRAMBEENA RESORT DARWIN

64 CAVENAGH STREET
DARWIN NT 0800

**Date**

MONDAY 30 NOVEMBER 2009

**Time**

4.00 PM

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# CHAIRMAN'S REPORT

Dear fellow shareholders,

The past year has been one of substantial achievement for your company despite market conditions which could only be described as difficult. The financial year started with metal prices at or near record highs although the collapse of financial markets was setting the near term tone. Within a few months, metal prices followed debt and equity markets and the resource industry generally was in a very difficult period.

Despite these hurdles Western Desert Resources continued with an aggressive exploration program with some considerable success. In December 2008 we announced the signing of agreements with the ITOCHU subsidiary, IMEA Exploration and Development of Australia Pty Ltd (ITOCHU) to explore and develop the Roper Bar iron ore project. The agreement resulted in the acquisition, by ITOCHU, of a 15% interest in the project for A$2.0 million along with the right to increase that interest to up 51% by funding exploration and development expenses of a further A$15.0 million.

With ITOCHU we are now achieving some outstanding exploration results and the indications are that the joint venture will be able to publish an inferred resource statement for parts of the Roper Bar project in the near term. Drilling and testwork to date suggests that the project hosts a large medium grade system of hematitic ironstone with a smaller strip of mineralisation which may be classified as Direct Shipping quality.

Some beneficiation testwork was undertaken during the year which demonstrated that the medium grade material tested can be upgraded to an acceptable standard using gravimetric techniques.

Close to the Roper Bar project your company has recently been granted a licence in an area we are calling Mountain Creek, which is also highly prospective for hematitic iron ore. This licence is held solely by Western Desert Resources and early stage exploration activities have commenced. We expect that a drilling campaign will be conducted during the 2010 dry season.

The Company's farmin and joint venture with TNG Limited to explore and develop the Rover gold and copper project near Tennant Creek has moved to the stage where a number of very attractive drill targets have been identified and it is expected that these will be tested within the next few months. Western Desert Resources holds the right to increase its equity interest in this project to 80% and your directors are hopeful that the results achieved by other explorers in the near vicinity are an indication of what we can expect. The Tennant Creek area has produced some spectacularly profitable ore bodies and we are very excited about the potential for another in this project.

The Company continues to hold an interest in Thor Mining PLC (Thor). The principle asset of Thor is the Molyhil, molybdenum and tungsten project, north east of Alice Springs in the Northern Territory. Market pricing for molybdenum and tungsten deteriorated substantially during the year although some of these losses have been recovered since April. The focus during the year has been on reviewing the proposed operating methodology to reduce capital and operating costs.

In July 2008 the company raised approximately $0.9 million via a rights issue to shareholders, while in July 2009 a further $1.2 million was raised through a placement of shares to sophisticated investors. All exploration companies are required to replenish cash reserves on a regular basis until production revenues following the development of a project begin to flow. We expect that further capital raisings will be necessary in the coming year.

The directors and I gratefully acknowledge the efforts of Norm Gardner our managing director and out small band of employees, contractors and consultants who continue to assist in exploration and evaluation, where the goal is world class discoveries of iron ore, and other metals.

This has been a milestone year for Western Desert Resources and we fully believe that our future will be exciting. I thank shareholders for their ongoing support as together we look to the challenges in 2010 and beyond as we build a mining house of substance.

**Mick Billing**
Chairman

# MANAGING DIRECTOR'S REPORT

**Norm Gardner**
Managing Director

Well if we thought 2008 was difficult, looking back it turned out to be a good training ground for the first nine months of 2009 as the economy constricted and nearly, if not all, industries were caught in the grip of the Global Financial Crisis. The only good thing about it was that it did present some opportunities. Indeed our own Company at a market price of four cents less than six months ago was a disappointing scenario, however some of our shareholders who shared the faith with us utilised it to good advantage.

Once again we all appreciate the loyalty that the majority of shareholders have shown and are now feeling as though our projects are starting to gain some strong traction in the market place.

Our Roper Bar Iron Ore Joint Venture with Itochu has made huge progress over the last 12 months.

Our Exploration Manager, John Fabray and the exploration team have done a great job during trying times to progress the work during the wet season and since the commencement of the field season in late May 2009.

Adding to the company's Iron Ore portfolio through the Mountain Creek tenements, which are adjacent to the Roper Bar project, has placed your company in a strong position to continue towards entering the lucrative Iron Ore supply market.

The Roper Bar project is shaping up to be as we had all suspected, potentially a large, medium grade, resource underpinned by a small direct shipping ore resource. We hope to be able to announce two or three resources from drilling undertaken this year within the next two months. The project still has great upside and will continue to dominate for WDR.

The other significant milestone in the company's history was the granting of the Rover EL at Tennant Creek. Some Directors and Shareholders have been waiting nearly 15 years for this project to come out of veto. This region is showing great promise with WestGold Resources Ltd and Adelaide Resources Ltd both continually bringing very good drill results to the market.

WDR will earn up to 80% of Rover by drilling our primary targets within six months. The prospect has the potential to become a standalone company making Copper/Gold project as this area has great historical significance with some of the richest mines in Australia. We have spent nine months knocking on doors and presenting our case and it would seem that the market now understands the potential of these two standout projects.

During the year we have also had some minor setbacks with exploration results, however this is a high risk industry that we are in.

Looking to the future WDR has focused on our two main projects and with that in mind we have dropped some marginal tenements. We are looking forward to a very exciting 12 months with continual flow of information to the market. This time last year I suggested that the next 12 months could be a defining time for your company.

We have all got caught up in a constricted economy but it would seem we are coming out the other side with all guns firing and a very exciting and productive 12 months ahead.

WDR will continue to look at new opportunities while continuing to value add to our already exciting portfolio. I look forward to continuing to bring our shareholders further good news in the coming months.

Finally, I would like to take this opportunity of thanking shareholders for their continuing support and our loyal staff, consultants, contractors and suppliers for their dedication and professionalism throughout the year of review.

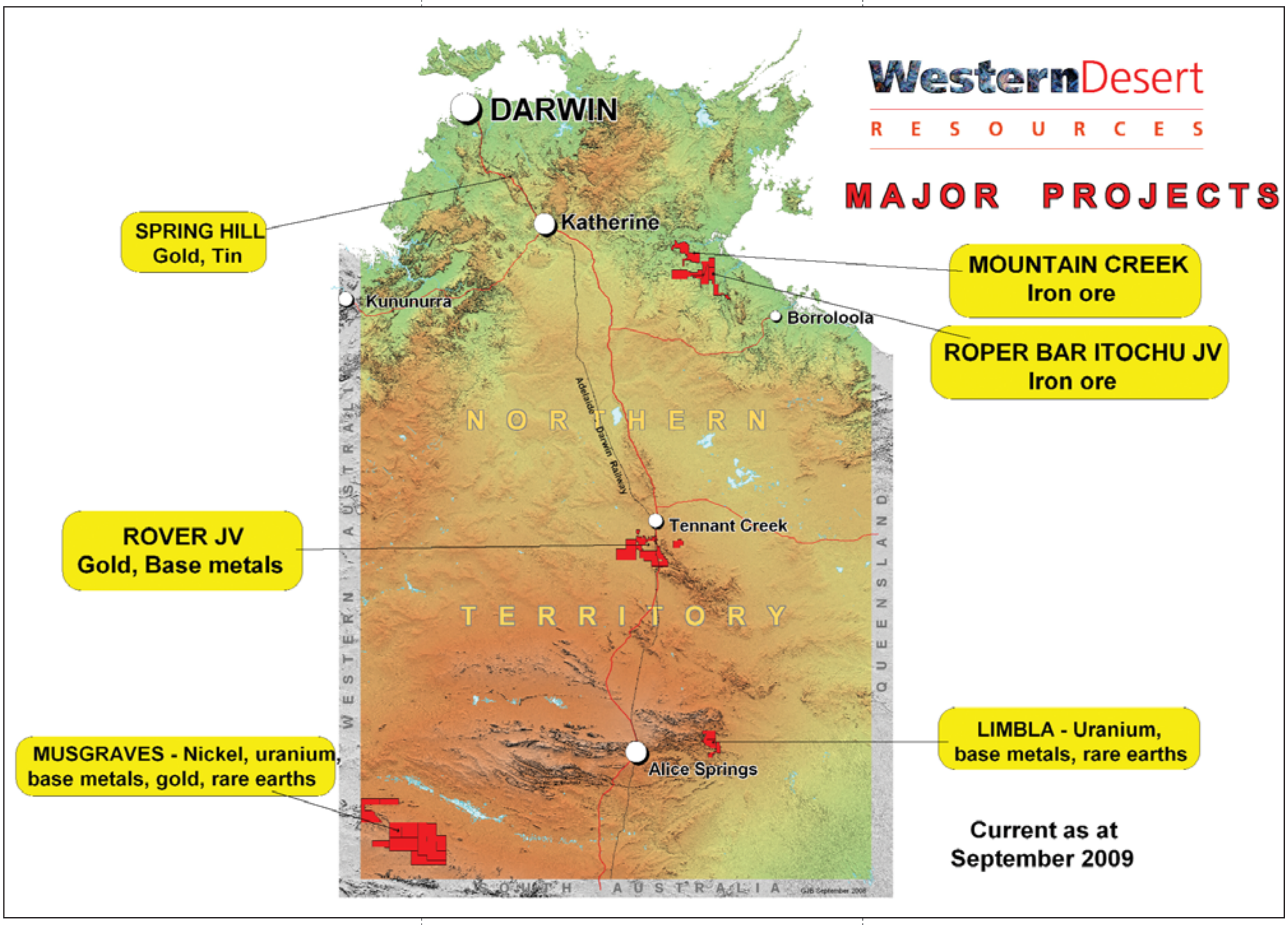
I look forward to providing you with news on our Company activities over the challenging year ahead.

**Norm Garner**
Managing Director

Norn Gardner involved in mapping work at Roper Bar NT.

# Review of Exploration Projects

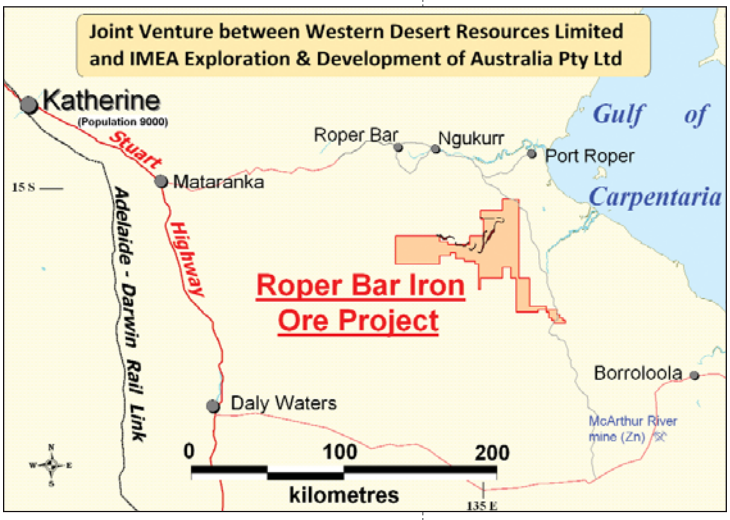
## LOCATION OF PRINCIPAL COMPANY INTERESTS



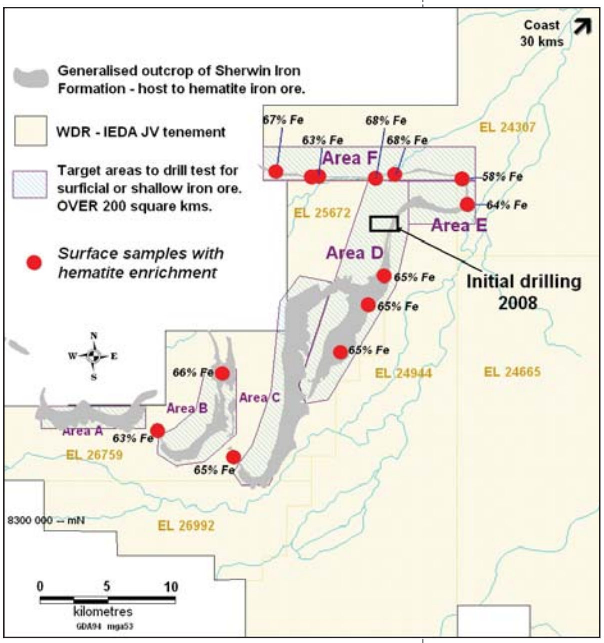
## ROPER BAR IRON ORE PROJECT (IRON ORE – NORTHERN TERRITORY)

*WDR Iron Ore Pty Ltd 85% IEDA 15% – IEDA has the right to earn 51%*

The Roper Bar project consists of six granted exploration licences (EL24307, EL24655, EL24944, EL25672, EL26759 and EL26992). The tenements are located in the Gulf Country of the Northern Territory about 40km from the coast.




WDR and the ITOCHU subsidiary IMEA Exploration and Development of Australia Pty Ltd (IEDA) formally executed the farm-in and joint venture agreement over the Roper Bar project on 23 December 2008. As announced to the ASX on 21 October 2008, IEDA have purchased a 15% interest in the project for A$2.0 million and plan to spend a further A$15 million to explore and develop the Roper Bar iron ore project, to increase their share of the project to 51%.




The exploration target in this area is the Sherwin Ironstone Member (SIM) of the Mesoproterozoic Roper Bar Group. Hematite mineralisation occurs within this unit which is up to 20m thick in places. Much of the mineralisation is flat-lying except in the northern portion of the area where the SIM has been structurally steepened within the Hells Gate Hinge Line.

Two phases of surface mapping and sampling were carried out over the outcropping SIM within the tenements. High grade iron results were obtained from a number of areas.

An initial phase of shallow RC percussion drilling was completed in October/November 2008 within the north part of Area D. Twenty-seven RC percussion and five diamond drill-holes were completed on two section lines 800 metres apart. The aim of the programme was to determine the thickness and grade of the ironstone formation and its extent under cover. The ironstone formation was found to extend up to two kilometres west of outcrop under about 50 metres of sedimentary cover. It was discovered to be about 20 metres thick, flat-lying and contained two or more zones of hematitic enrichment.

A higher grade zone of hematite enrichment was discovered in drillholes RB010 and RB011 with intercepts of 4m at 50.1%Fe and 4m at 60.0%Fe respectively. Diamond drilling was undertaken in this area to obtain core for metallurgical test work including beneficiation studies.

# Review of Exploration Projects

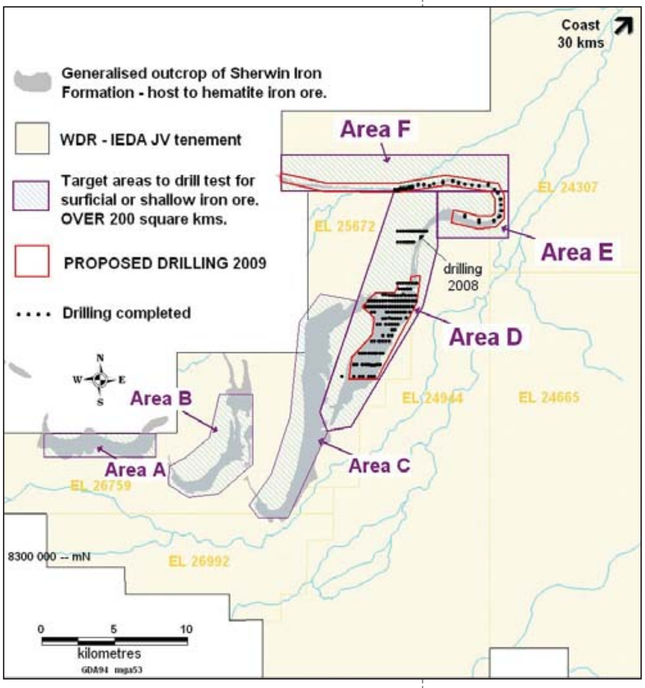
## ROPER BAR IRON ORE PROJECT (IRON ORE – NORTHERN TERRITORY)

Beneficiation test work was carried out on the core obtained in 2008. The heavy liquid separation (HLS) tests indicated that it should be possible to generate a product containing >60% Fe and <10% Si from the ironstone by using gravity methods. The percentage of material being upgraded would depend on the initial iron content of the sample. Approximately 80% of the iron in the original samples reported to the product of the HLS tests.

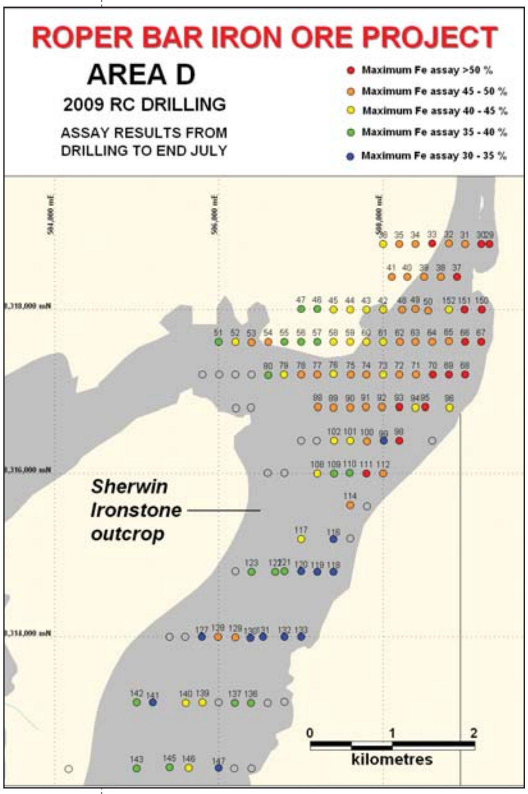
A major programme of RC percussion drilling was planned for 2009 to test the ironstone in Areas D, E and F. The drilling work commenced in early July and was expected to continue until the start of the northern wet season in November.

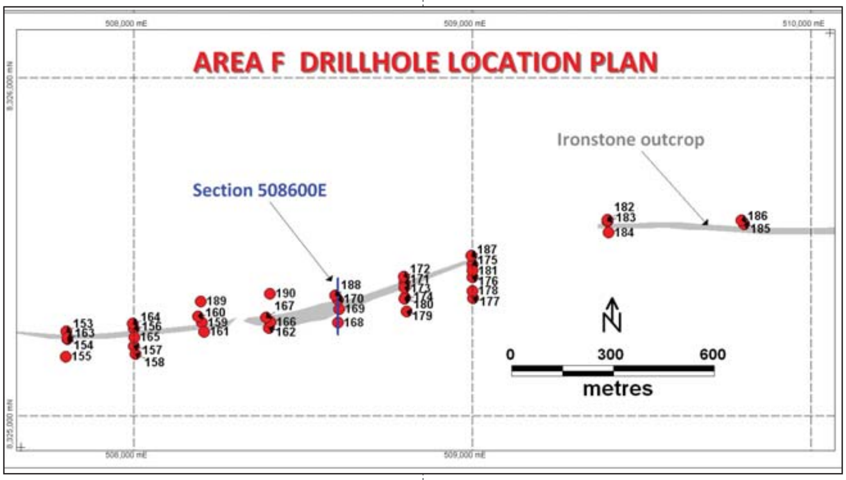
Drilling in Area D was finished in late July with 124 holes totalling 2716m being completed. The average depth of the holes was 22m. The SIM in this area was found to be about 10-15m thick and zones of hematite mineralisation were intersected. The ironstone was flat-lying and outcropped in the southern and eastern parts of the area and was intersected under shallow cover in the north. Hematite mineralisation occurs within the SIM interval.

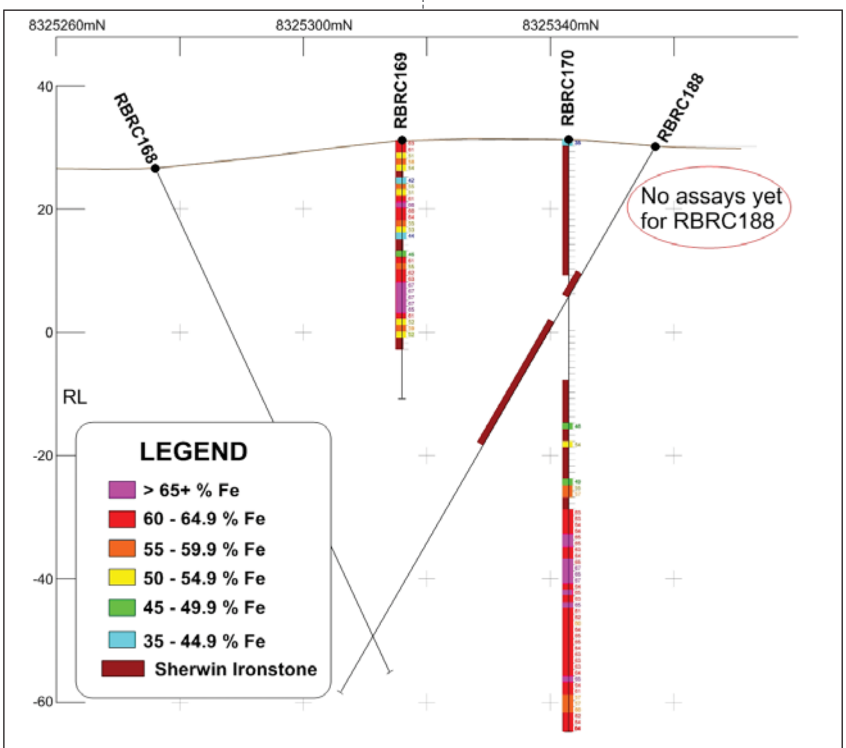
Significant intersections of shallow mineralisation included RBRC029 (4m at 51%Fe from 8m), RBRC030 (3m at 53%Fe from 9m), RBRC037 (3m at 48%Fe from 10m), RBRC067 (4m at 48%Fe from 2m), RBRC068 (3m at 50%Fe from 1m), RBRC095 (3m at 50%Fe from 1m), RBRC150 (4m at 46%Fe from surface) and RBRC151 (3m at 49%Fe from 3m).




Drill line at Area F of the Roper Bar Iron Ore Project






AREA F. DRILL-SECTION ON 508600E

Drilling was also carried out in Area F East over a 2km strike length of outcropping SIM, which had previously reported high grade results from surface sampling.

Significant intersections of high-grade iron mineralisation were recorded along the entire length of the section of SIM drilled. These included RBRC160 (7m at 64%Fe from 36m), RBRC161 (7m at 65%Fe from 46m), RBRC163 (9m at 63%Fe from 16m), RBRC165 (10m at 65%Fe from 29m), RBRC167 (7m at 66%Fe from 17m), RBRC169 (8m at 65%Fe from 21m), RBRC170 (30m at 64%Fe from 60m), RBRC174 (12m at 64%Fe from 25m), RBRC175 (4m at 65% Fe from 4m), RBRC176 (14m at 64%Fe from 44m), RBRC181 (6m at 66%Fe from 12m), RBRC182 (7m at 65%Fe from 21m), RBRC184 (26m at 62%Fe from 30m), RBRC185 (4m at 66%Fe from 20m) and RBRC186 (8m at 61%Fe from 53m).

The high grade results from Area F East provide the first indications of direct shipping ore (DSO) within the project area and are very encouraging with regard to the overall economic potential of the Roper Bar Iron Ore Project. The very low phosphorus levels are also of particular significance.

# Review of Exploration Projects

## MOUNTAIN CREEK PROJECT (IRON ORE – NORTHERN TERRITORY)

*WDR Iron Ore Pty Ltd 100%*

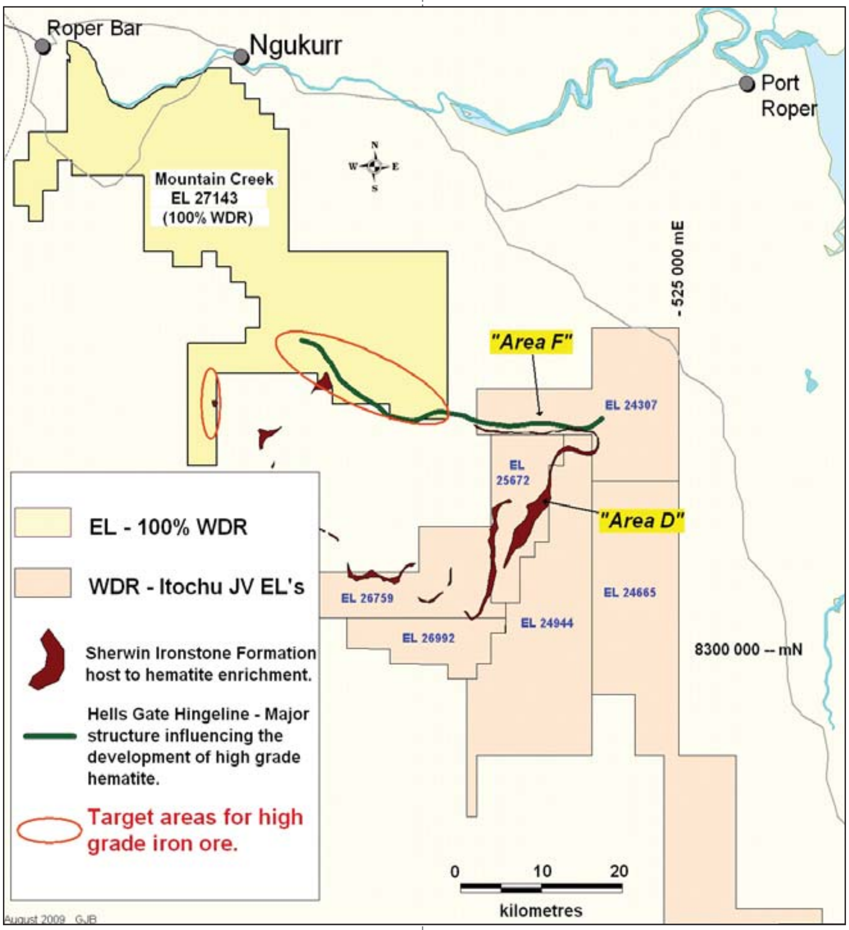
The Mountain Creek Project lies immediately to the north west of the Roper Bar Iron Ore Project and consists of one granted tenement (EL27143) owned 100% by WDR.

Preliminary reconnaissance sampling of two areas within the EL has shown that the Sherwin Ironstone Member (SIM) exists in the area and contains zones of hematitic mineralisation with results up to 62%Fe.

Recent drilling at Area F within the Roper Bar Iron Project has shown that high grade iron mineralisation occurs within the SIM along a zone of major deformation known as the "Hells Gate Hinge Line".

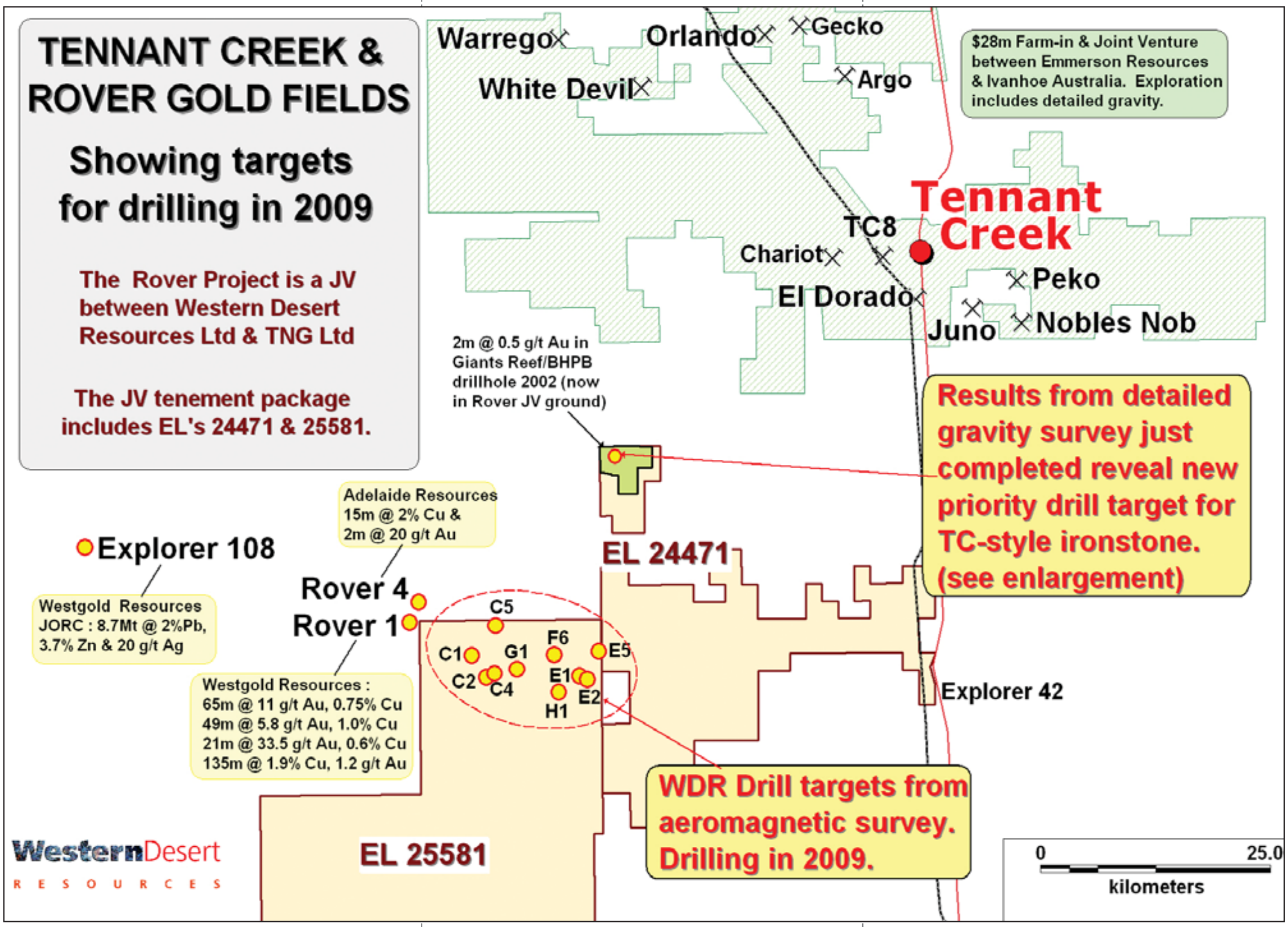
This structurally complex zone extends into the Mountain Creek tenement for a distance of 20kms.

It is planned to undertake further mapping and surface sampling within the EL during the latter part of 2009 followed by a drilling program in the 2010 dry season.



## ROVER PROJECT (GOLD/COPPER – NORTHERN TERRITORY)

*TNG Ltd 100% – WDR Base Metals Pty Ltd has the right to earn 80%*




The Rover Project is a joint venture between WDR Base Metals Pty Ltd (WDR) and Tennant Creek Gold Pty Ltd (TNG), in which WDR is currently earning 51% and has the right to earn 80%. It encompasses an area of 3,100 square kilometres in the Rover field south-west of Tennant Creek, and includes granted licences EL24471 and EL25581.

The world-class ironstone-hosted deposits in the Tennant Creek Goldfield have produced 5 million ounces of gold, and are noted for their spectacular high grades.

Drilling in the Rover field, southwest of Tennant Creek, has confirmed the presence of similar ironstones under cover. Of particular note is the Rover 1 deposit (owned by Westgold Resources Ltd), located 800 metres from the boundary of EL25581. Results here include 65m at 11 g/t Au, 7m at 175g/t Au and 135m at 1.9% Cu.

A low-level airborne survey commissioned in the first half of 2009 over the northern portion of EL 25581 has revealed magnetic anomalies of similar tenor to that observed over known Tennant Creek mines and the mineralised ironstones at Rover 1 and Rover 4. The trend of magnetic targets is clearly seen to continue from the Rover 1 and Rover 4 deposits into EL25581.

Ten magnetic anomalies of interest have been identified, and site clearances have been completed. Drilling of these priority targets is scheduled to commence in late 2009.

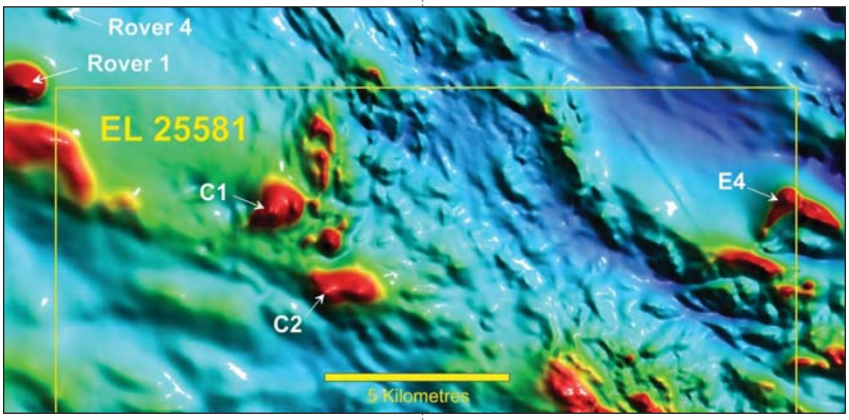
# Review of Exploration Projects

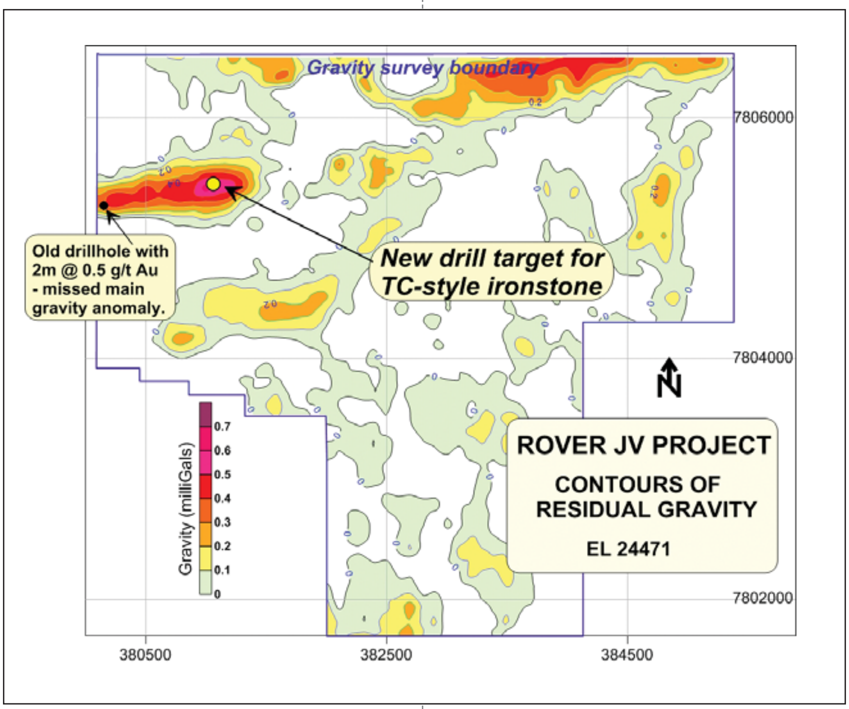
## ROVER PROJECT (GOLD/COPPER - NORTHERN TERRITORY)

In recent years gravity surveys have been carried out by explorers in the Tennant Creek region to complement magnetic surveys and to explore for non-magnetic ironstone bodies.

A detailed gravity survey commissioned by WDR in the northern part of EL 24471 was completed in August 2009. The results clearly define a significant residual gravity anomaly.

A single deep drill hole completed by previous explorers on the edge of this feature reported 2 metres at 0.5 g/t Au. Following site clearances, this response will also be drill tested in late 2009.



# SPRING HILL PROJECT (GOLD – NORTHERN TERRITORY)

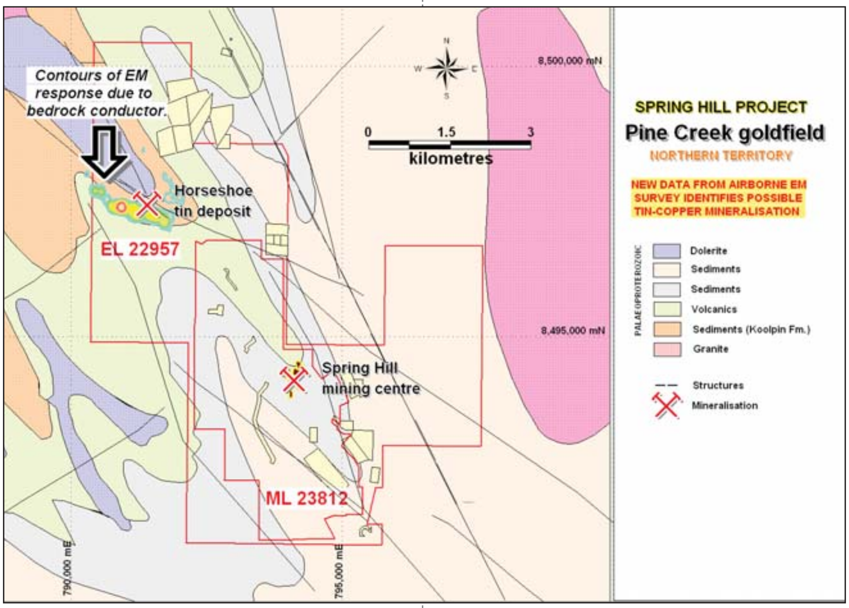
*WDR Gold Pty Ltd 100%*

The project consists of two granted tenements (EL22957 and ML23812) and is located about 200km south east of Darwin in the Top End of the Northern Territory.

Interest in the Spring Hill gold project has increased with the recent rise in the gold price. Desktop studies suggest that a modest size heap leach operation has economic potential.

Historical leach testwork suggested a reasonable recovery with ore crushed to 12mm. Further work including drilling would be required to delineate oxidised material amenable to heap leaching.

WDR completed an airborne EM survey over the Spring Hill tenements in the Northern Territory during 2008. Significant EM anomalies were found within EL22957 to the north west of the Spring Hill gold mining area. The anomalies appear to be associated with the Palaeoproterozoic Koolpin Formation in an area which has been mined for tin in the past.



# Review of Exploration Projects

## LIMBLA PROJECT (URANIUM AND BASE METALS – NORTHERN TERRITORY)

*Red Desert Minerals Pty Ltd 100%*

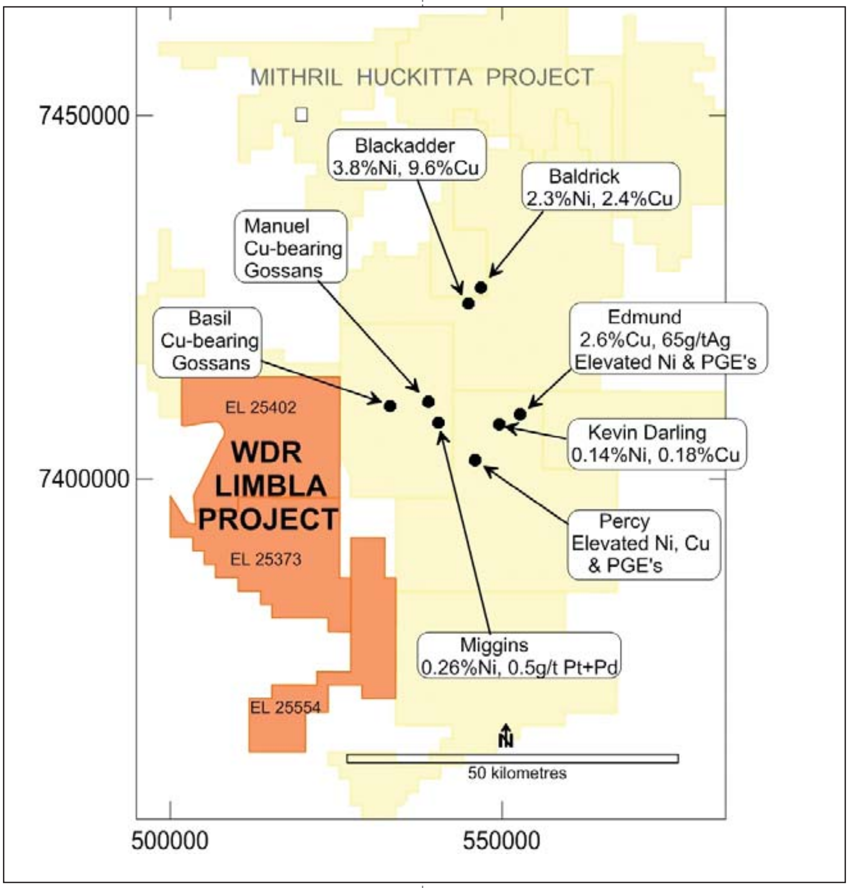
This project consists of three granted exploration licences (EL25373, 25402 and 25554). Two tenements (EL25331 and 25332) were surrendered during the year. The area is prospective for uranium and base metals.

Detailed helicopter radiometric surveys were carried out over the Albarta, Hale River and Tourmaline Gorge uranium prospects. Surface check sampling was carried out and confirmed the uranium anomalies identified by the surveys.

Interest in this area has increased due to the discovery of copper and nickel mineralisation announced by Mithril Resources Ltd in their adjoining ground to the east of the project.

The Illogwa Schist zone in the northern part of EL25402 appears to be prospective for shear zone-hosted Cu and Au mineralisation as well as the base metal mineralisation associated with mafic bodies similar to that found by Mithril.

Recent work by the Northern Territory Geological Survey has identified shear zones hosting visible copper mineralisation within the Illogwa Schist zone, and grab samples from one occurrence in EL25402 returned 35.4%Cu and 0.12g/t Au.




## MUSGRAVE PROJECT (BASE METALS/GOLD – NORTHERN TERRITORY)

*Joint venture with various parties*

This block of ten exploration licence applications is located in the south west corner of the Northern Territory. The project is situated on Aboriginal Freehold Land subject to the Aboriginal Land Rights (NT) Act. There is some likelihood that initial meetings with the Traditional Owners may take place later in 2009.

It is unlikely that exploration would commence in 2010.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Fabray who is a member of the Australasian Institute of Mining and Metallurgy. Mr Fabray 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 Fabray consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.*

*Information in this report describing historical production figures and assays has been derived from open file company reports in the public domain.*

# SCHEDULE OF TENEMENTS as at 30 June 2009

| Project | Tenement | Area kms² | Registered Holder or Applicant | Nature and % of Company's Interest | Joint Venture Partner |
|---|---|---|---|---|---|
| Limbla | EL 25373 | 641.60 | Red Desert Minerals Pty Ltd | 100% | |
| Limbla | EL 25402 | 364.80 | Red Desert Minerals Pty Ltd | 100% | |
| Limbla | EL 25554 | 540.70 | Red Desert Minerals Pty Ltd | 100% | |
| Burt Plain | EL 25338 | 806.20 | WDR Base Metals Pty Ltd | 100% | NuPower Resources Ltd |
| Cloughs Dam | EL 25657 | 672.40 | WDR Base Metals Pty Ltd | 100% | NuPower Resources Ltd |
| Mueller Creek | EL 25658 | 1047.00 | WDR Base Metals Pty Ltd | 100% | NuPower Resources Ltd |
| Blueys | EL 10228 | 53.50 | WDR Base Metals Pty Ltd | 100% | |
| Sliding Rock Well | EL 25469 | 153.60 | WDR Base Metals Pty Ltd (1) | 100% | |
| Winnecke | EL 23630 | 56.77 | WDR Gold Pty Ltd (2) | 100% | |
| Spring Hill | MLN 23812 | 10.35 | WDR Gold Pty Ltd | 100% | |
| Spring Hill | EL 22957 | 36.57 | WDR Gold Pty Ltd | 100% | |
| Hopeful Star | MLC 624 | 0.05 | WDR Gold Pty Ltd | 100% | |
| Hopeful Star | MLC 632 | 0.03 | WDR Gold Pty Ltd | 100% | |
| Hopeful Star | MCC 1057 | 0.23 | WDR Gold Pty Ltd | 100% | |
| Golden Mile | MLC 625 | 0.08 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M18 | MCC 1035 | 0.18 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M19 | MCC 1036 | 0.20 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M20 | MCC 1042 | 0.19 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M19 | MCC 1112 | 0.34 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M20 | MCC 1113 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M21 | MCC 1117 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M22 | MCC 1118 | 0.36 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M23 | MCC 1119 | 0.16 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M24 | MCC 1120 | 0.25 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M20 | MCC 1040 | 0.20 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M21 | MCC 1041 | 0.30 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M29 | MCC 1089 | 0.36 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M30 | MCC 1090 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M31 | MCC 1091 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M32 | MCC 1092 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M33 | MCC 1093 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M34 | MCC 1094 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Tennant Creek M35 | MCC 1095 | 0.40 | WDR Gold Pty Ltd | 100% | |
| Roper Bar | EL 26759 | 767.90 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Roper Bar | EL 25672 | 129.20 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Roper Bar | EL 24307 | 278.50 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Roper Bar | EL 24665 | 610.00 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Roper Bar | EL 24944 | 392.30 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Roper Bar | EL 26992 | 99.19 | WDR Iron Ore Pty Ltd | WDR 85%/IEDA 15% | IEDA |
| Mountain Creek | ELA 27143 | 1026.94 | WDR Iron Ore Pty Ltd | 100% | |

(1) *In August, 2009 this tenement was surrendered.*

(2) *In August, 2009 this tenement was surrendered.*

# CORPORATE GOVERNANCE

In March 2003 the Australian Stock Exchange Corporate Governance Council ("ASXCGC") released its best practice recommendations based on ten core principles for corporate governance. These recommendations were not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an efficiency, quality or integrity outcome.
The Corporate Governance Council has recognised that a *"one size fits all"* approach to Corporate Governance is not required. Instead, it states aspirations of best practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is not appropriate to its particular circumstances and has flexibility to not adopt it and explain why.

Western Desert Resources Limited to date has not adopted the ASXCGC best practice recommendations other than those specifically identified and disclosed below because the Board believes that it cannot justify the necessary cost given the size and early stage of its life as a listed exploration company. However the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company.

This statement outlines the main Corporate Governance practices of the Company disclosed under the principles outlined in the ASXCGC including those that comply with best practice that, unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2009.

## Principle 1: Lay solid foundations for management and oversight

### Role of the Board

The Board is governed by the *Corporations Act 2001*, ASX listing rules and a formal constitution.

The Board's primary role is the protection and enhancement of shareholder value.

The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal risk control, risk management and financial reporting.

### Board processes and management

The Board has an established framework for the management of the company including a system of internal control, a business risk management process and appropriate ethical standards.

The Board appoints a Managing Director with responsibility for the day to day management of the Company including management of financial, physical, and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

## Principle 2: Structure the Board to add value

### Composition of the Board

The names of the directors of the Company and terms in office at the date of this Statement together with their experience and expertise are set out in the Directors' Report section of this report. The directors' terms in office are considered appropriate in view of the fact that the company listed in July 2007.

The composition of the Board consists of five directors of whom four, including the Chairman, are non-executives. Mr Billing's role as Chairman of the Board is separate from that of the Managing Director, Mr Gardner who is responsible for the day to day management of the Company and is in compliance with the ASXCGC best practice recommendation that these roles not be exercised by the same individual.

The Company's constitution stipulated that the number of directors must be at least three. The Board may at any time appoint a director to fill a casual vacancy.

Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years.

The Board has not established a nominations committee because of the small size of both the Board and the Company. The Board believes however in the renewal of members to ensure the ongoing vitality of the Company, and will seek to recruit additional members as appropriate.

All directors are entitled to take such legal advice as they require at any time, and from time to time, on any matter concerning or in relation to their rights, duties, and obligations as directors in relation to the affairs of the Company.

## Principle 3: Promote ethical and responsible decision making

### Ethical standards

The Company aims for a high standard of corporate governance and ethical standard by directors and employees.

Directors are expected to use skills commensurate with their knowledge and experience to increase the value of Company assets. Directors must also maintain strict confidentiality in relation to Company matters

All directors are required to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest within the meaning of section 9 of the *Corporations Act 2001* and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the *Corporations Act 2001*, a director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter.

### Trading in the Company's Securities

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the *Corporations Act 2001* also prohibits the acquisition and disposal of securities where a person possesses information that is not readily available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available. In particular, trading in Company securities is prohibited within three days prior to, and one day following material announcements to ASX.

## Principle 4: Safeguard integrity in financial reporting

***The Managing Director and Chief Financial Officer provide a certificate to the Board regarding the Financial Reports providing a true and fair view in accordance with accounting standards.***

### Audit Committee

Western Desert Resources Limited was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year, although it is a best practice recommendation of the ASXCGC. Those activities, normally the responsibility of an audit committee, are undertaken by the Board as a whole.

## Principle 5: Make timely and balanced disclosure

### Continuous Disclosure

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information, apart from information which is confidential, and ASX has not formed the view that the information has ceased to be confidential, which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. This information is made publicly available on the Company's website following release to the ASX.



## Principle 6: Respect the rights of shareholders

### Communication with shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs.

In accordance with the ASXCGC best practice recommendations, information is communicated to shareholders as follows:

- The annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to other disclosures required by the *Corporations Act 2001*;
- The half yearly financial report is to be lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- Notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- Notices of all meetings of shareholders;
- Publicly released documents including the full text of notices of meetings and explanatory material made available on the Company's internet web-site at *www.westerndesertresources.com.au*; and
- Disclosure of the Company's Corporate Governance practices and communications strategy on the internet web-site.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to Section 249K of the *Corporations Act 2001* the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

## Principle 7: Recognise and manage risk

### Risk Assessment and Management

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration, environmental, title, native title, legal, and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

## Principle 8: Encourage enhanced performance

### Performance Evaluation

The Board evaluates the performance of the Managing Director on a regular basis and encourages continuing professional development.

## Principle 9: Remunerate fairly and responsibly

### Remuneration Policy

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors is set at $250,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors

are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

The remuneration of the Managing Director is determined by the Board as part of the terms and conditions of his engagement which are subject to review from time to time.

The remuneration of employees is determined by the Managing Director subject to the approval of the Board.

Further details of directors' and executives/officers' remuneration, superannuation and retirement payments are set out in the Directors' Report.

## Principle 10: Recognise the legitimate interests of stakeholders

### Code of Conduct

The Company requires all its directors and employees to abide by the highest standards of behaviour, business ethics, and in accordance with the law. In discharging their duties, Directors of the Company are required to:

- Act in good faith and in the best interests of the Company;
- Exercise care and diligence that a reasonable person in that role would exercise;
- Exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- Not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- Disclose material personal interests and avoid actual or potential conflicts of interests;
- Keep themselves informed of relevant Company matters;
- Keep confidential the business of all directors meetings; and
- Observe and support the Board's Corporate Governance practices and procedures.

Drill rig at Area F of the Roper Bar Iron Ore Project

WesternDesert RESOURCES
ABN 48 122 301 848

# FINANCIAL REPORT

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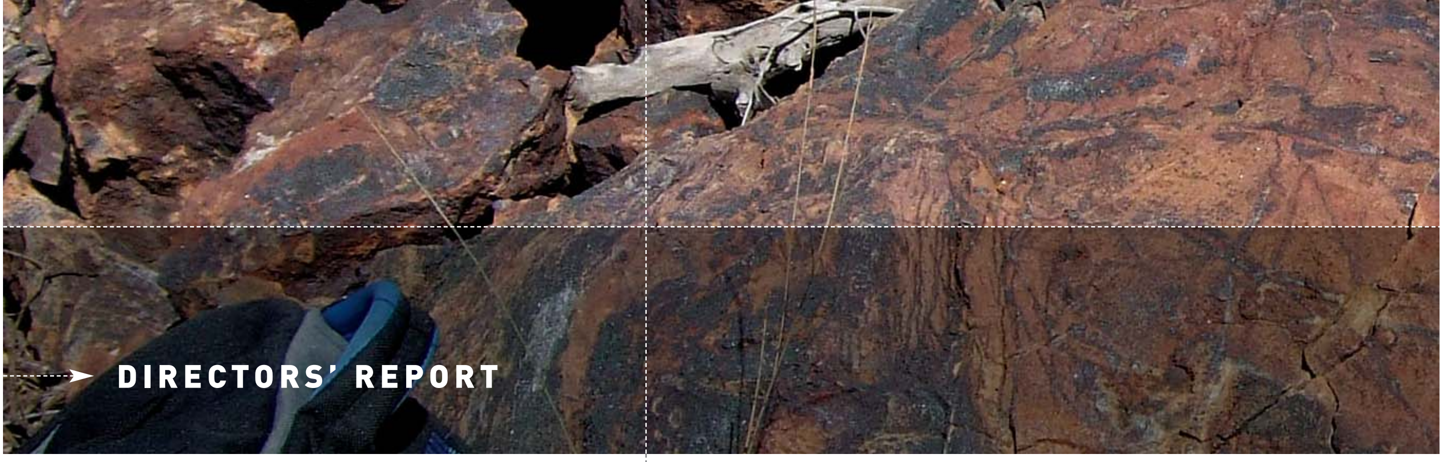

# DIRECTORS' REPORT

The Directors present this directors' report and the attached annual financial report of Western Desert Resources Limited for the financial year ended 30 June 2009. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report as follows:

**Directors and Officers**

The names and details of the directors and officers of the company during or since the end of the financial year are:

**Michael Robert Billing** BBus ASA
Non-Executive Chairman

Mick Billing was appointed a director in February 2007. He is an accountant with in excess of 30 years of mining industry experience in company secretarial, senior commercial, and chief financial officer roles including lengthy periods with Bougainville Copper Ltd and WMC Resources Ltd. He has had experience with corporate governance issues, debt and equity raising, and project evaluation and feasibility studies in Australia and overseas, and consults to a number of companies in these fields.

He is a director of ASX listed companies Thor Mining PLC and Southern Gold Limited.

**Norman Wayne Gardner**
Managing Director

Norm Gardner is a founding Director of the company, which was incorporated in October 2006. Norm established and is sole owner of a concrete construction business based in the Northern Territory. His company has been involved in significant mining projects in the Northern Territory, South Australia and Western Australia, including development and operation of the backfill plant at the Granites Gold Mine. Norm has an in depth knowledge of the construction requirements of the mining industry. He has also been involved in a number of successful property developments.

He is also a director of AIM and ASX listed company Thor Mining PLC.

**Graham John Bubner** BSc (Hons)
Non-Executive Director

Graham is a founding Director of the company. Graham graduated from Adelaide University with a double geology/geophysics degree in 1976, and a first class Honours degree in geophysics the following year. He gained experience in exploration for multiple commodities including base metals, precious metals, uranium, diamonds, iron ore and coal throughout west-central Australia with CRA Exploration Pty Ltd for 16 years. During this time he participated in major discoveries, such as diamonds at Argyle and uranium at Kintyre. Four years in the Middleback Ranges on Eyre Peninsula with first BHP Billiton Limited and then Onesteel Limited afforded specific experience in exploration for iron ore.

He is a member of the Australian Society of Exploration Geophysicists and Society of Economic Geologists.

**David John Cloke** FCA
Non-Executive Director

David is a founding Director of the company, and was Company Secretary until June 2007. He was a partner with Deloitte's for 30 years and has had over 40 years' experience in the accounting profession in Australia and Central Africa. He was Managing Partner of Deloitte's three offices in the Northern Territory and a member of that partnership's national management board in Australia. He has a strong audit background and has been the lead partner responsible for the audits of national and international mining companies.

He is Finance Director for a substantial property company in the Northern Territory.

**Michael Kevin Ashton**
Non-Executive Director

Mick was a founding Director of the company and held this position until April 2007. He was appointed an alternate Director of the company in May 2007, and was subsequently appointed a Director of the company in August 2008. He owns a timber manufacturing business located in South Australia and is a major shareholder in a successful exploration drilling company located in Victoria, which has both Australian and international activities. Mick has extensive knowledge and experience in the exploration and mining industries, which dates back 40 years.

He is also a director of AIM and ASX listed company Thor Mining PLC.

**Alastair Wansbone Mackie** BMAusIMM, MSEG, MGSA
Non-Executive Director

Alastair was a founding director of the company, and resigned as a director in July 2008. Alastair holds a Bachelor of Science (Geology, Geography) from Otago University and a post graduate diploma in Mining and Exploration Geology from James Cook University.
He has been actively exploring Western Australia, Queensland and Northern Territory for over 30 years focussing upon gold, base metals, uranium and diamonds, and spent time during the 1970's exploring for base metals and diamonds in South Africa.
He has formerly been a General Manager and director of Tennant Creek Gold (NT) Pty Ltd.

*Mr Mackie resigned his position as a director on 16th July 2008.*

**Laurie Ackroyd**
Chief Financial Officer/Company Secretary

Mr. Laurie Ackroyd was appointed as Chief Financial Officer and Company Secretary in April 2009. Laurie is an accountant with over 45 years experience in the building services, manufacturing and transportation industries where he has held senior financial executive and company secretarial positions.

## Directorships of other listed companies

| Name | Company | Period of Directorship |
|---|---|---|
| M R Billing | Southern Gold Limited<br>Thor Mining PLC | Since January 2004<br>Since April 2008 |
| N W Gardner | Thor Mining PLC | Since April 2008 |
| M K Ashton | Thor Mining PLC | Since April 2008 |

## Principal Activities

The principal continuing activity of the consolidated entity is the exploration for iron ore, gold, base metals, uranium and other economic mineral deposits.

## Financial Results

The net result of operations for the year was a loss after income tax of $7,062,308 (2008: $3,229,820).

## Dividends

No dividends were paid or declared since the start of the financial year, and the Directors do not recommend the payment of dividends in respect of the financial year.

## Review of Operations

### a) Overview

During the period the consolidated entity carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying iron ore, manganese, uranium, gold, base metals and other economic mineral deposits.

### b) Review of Operations

In August 2008 the company announced the sale of non-core Queensland tenements for a consideration of 5 million fully paid shares in the capital of Aard Metals Limited and royalty of $1.75 per tonne of any iron ore produced from the tenements.



b) Review of Operations ... continued

In September 2008 the company advised that it had acquired a 45% interest in EPM 15571 (Gladstone) and EL 24814 (McArthur River) for the issue of five million fully paid shares in the company.

A Memorandum of understanding with ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA), fully owned by Japanese resources and trading conglomerate, ITOCHU Corporation, was signed in late September 2008 to develop the Roper Bar iron ore project in the Northern Territory. Drilling first commenced on the project in October 2008. In the following month IMEA moved to purchase a 15% interest in the Roper Bar project. The $15 million Joint Venture Farm-In arrangement remains in place for the next 6 years. Formal Farm-in and joint venture agreements were executed on 23 December 2008.

In March 2009 the first Roper Bar, N.T. drilling results were received pointing to a large Iron Ore system with extensive mineralisation under cover confirmed in the area tested and assay result returns of up to 60% Fe.

Western Desert Resources Joint Venture partner, TNG Limited, on the Rover Gold project announced in March 2009 that, after lengthy negotiations, an exploration agreement had been signed with traditional owners and the Central Land Council with the potential for Tennant Creek style copper-gold mineralisation. Under a Joint Venture with TNG, your company has the opportunity to earn an initial interest in the Rover project by spending $500,000 after which it has the option to increase its interest to 80% by an additional expenditure of $850,000.

In Late October 2008 the company reported securing drilling services for a period of 54 weeks and the placement of 7,500,000 shares to offset in part the drilling expenditures.

The Company continues to hold its investment in Thor Mining PLC of which its flagship project is the Molyhil molybdenum/tungsten deposit, some 220 kilometres north east of Alice Springs. The company believes that it can add significant value to the project by utilising alternative strategies in respect to the capital requirements of the project.

The Chairman's report and the Managing Director's report are contained in the Annual Report and contain a review of operations.

**Changes in State of Affairs**

During the financial period there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

**Subsequent Events**

During July, 13,400,000 shares were issued as a result of a placement to sophisticated investors. Funds raised of $1,340,000 (before costs) have been used as working capital.

On 31 August, 2009 the Company announced significant high grade assay results from the area F within the Roper Bar iron ore project of the Company and the ITOCHU subsidiary, IMEA Exploration and Development of Australia Pty Ltd (IEDA).

**Environmental Developments**

The consolidated entity carries out exploration activities on its properties in the Northern Territory. No mining activity has been conducted by the consolidated entity on its properties. The consolidated entity's exploration operations are subject to environmental regulations under the various laws of South Australia, the Northern Territory, Queensland and the Commonwealth. While its exploration activities to date have had no environmental impact, the consolidated entity has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

### Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

### Directors and Officers Shareholdings

The following table sets out each director and officer's relevant interest in shares in the company as at the date of this report.

| Directors | Fully paid ordinary shares Number | Options to acquire ordinary shares Number |
|---|---|---|
| M R Billing | 1,420,666 | 1,617,001 |
| N W Gardner | 4,454,703 | 1,963,599 |
| G J Bubner | 3,229,881 | 1,833,093 |
| D J Cloke | 1,536,394 | 1,709,696 |
| M K Ashton | 11,755,366 | 1,937,944 |
| L Ackroyd | - | 500,000 |
| | 22,397,010 | 9,561,333 |

*The above table includes shares held by related parties of directors.*

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of Western Desert Resources Limited.

### Director and other key Management Personnel Details

The following persons acted as Directors of the company during or since the end of the financial year:

M R Billing (Non-executive Chairman)
N W Gardner (Managing Director)
G J Bubner (Non-executive Director)
D J Cloke (Non-executive Director)
M K Ashton (Non-executive Director)
A W Mackie (Non-executive Director)

On 16 July 2008 A W Mackie resigned as a director.
On 27 August 2008 M K Ashton was appointed a director of the company, having previously held the position of Alternate Director.

### Other key management personnel during or since the end of the financial year:

Mr L. Ackroyd (Chief Financial Officer/Company Secretary) was appointed on 14th April, 2009

### Relationship between the Remuneration Policy and Company Performance

There is no link between the company's performance and the setting of remuneration except as discussed below in relation to options for directors.

### Remuneration Philosophy

The performance of the Group depends on the quality of its Directors and other key management personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other key management personnel;
- link executive rewards to shareholder value (by the granting of options);
- link rewards with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards

There is currently no policy or monitoring of key management personnel's limiting their risk in relation to issued options.



### Compensation Policy

Due to its size, the company does not have a remuneration committee. The compensation of executives and non-executive Directors is reviewed by the Board with the exclusion of the Director concerned.
The compensation of other key management personnel is reviewed by the Board.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality directors and other key management personnel. External advice on remuneration matters is sought whenever the Board deems it necessary.

### Performance Conditions

The remuneration of the directors and other key management personnel is not dependent on the satisfaction of a performance condition. The Directors have decided that the exclusion of performance conditions is appropriate, after consideration of industry practice.

### Non-executive Director Remuneration

The Board seeks to set remuneration of non-executive Directors at a level which provides the company with the ability to attract and retain high calibre Directors, whilst incurring a cost which is appropriate at this stage of the company's development.

Currently, as non-executive chairman, M R Billing is entitled to receive $55,000 per annum inclusive of statutory superannuation, plus the amounts set out in the company's consultancy agreement with an entity associated with him.

Other non-executive Directors are entitled to receive $35,000 per annum inclusive of statutory superannuation, plus the amounts set out in the company's consultancy agreements with entities associated with them. Details of service agreements with all non-executive Directors are set out below.

In addition, non-executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors or otherwise in the execution of their duties as Directors.

### Managing Director and Remuneration

The company aims to reward the Managing Director with a level and mix of remuneration commensurate with his position and responsibilities within the company to:

- align the interests of the Managing Director with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

The company has a services agreement with an entity associated with N W Gardner, detail of which is set out below.

## Summary of amounts paid to Key Management Personnel

The following table discloses the compensation of the key management personnel of the Group during the year.

| 2009 | Consultancy for Personal Services | Short-term employee benefits Salary & Fees $ | Post Employment Superannuation $ | Sub Total $ | Share-based payments (i) $ | Total $ |
|---|---|---|---|---|---|---|
| M R Billing | 96,520 | 45,141 | 7,200 | 148,861 | 188,798 | 337,659 |
| N W Gardner | 190,650 | - | - | 190,650 | 188,798 | 379,448 |
| A W Mackie | 60,000 | 2,676 | 241 | 62,917 | - | 62,917 |
| G J Bubner | 133,125 | 32,110 | 2,890 | 168,125 | 188,798 | 356,923 |
| D J Cloke | 3,500 | 9,913 | 29,167 | 42,580 | 188,798 | 231,378 |
| M K Ashton | - | 29,434 | 2,650 | 32,084 | 188,798 | 220,882 |
| M J Kitchin | 54,225 | - | - | 54,225 | - | 54,225 |
| L Ackroyd | - | 31,417 | 2,828 | 34,245 | 43,669 | 77,914 |
| 2009 Total | 538,020 | 150,691 | 44,976 | 733,687 | 987,659 | 1,721,346 |

(i) *The value of options granted during the period has been calculated by the Black-Scholes formula method.*

| 2008 | Consultancy for Personal Services | Short-term employee benefits Salary & Fees $ | Post Employment Superannuation $ | Sub Total $ | Share-based payments (i) $ | Total $ |
|---|---|---|---|---|---|---|
| M R Billing | 25,820 | 45,223 | 6,659 | 77,702 | - | 77,702 |
| N W Gardner | 164,467 | - | - | 164,467 | - | 164,467 |
| A W Mackie | 66,000 | 30,290 | 2,727 | 99,017 | - | 99,017 |
| G J Bubner | 181,875 | 30,290 | 2,727 | 214,892 | - | 214,892 |
| D J Cloke | - | - | 33,017 | 33,017 | - | 33,017 |
| M K Ashton | - | - | - | - | - | - |
| M J Kitchin | 61,975 | - | - | 61,975 | - | 61,975 |
| 2008 Total | 500,137 | 105,803 | 45,130 | 651,070 | - | 651,070 |

(i) *The fair value of options granted during the period was $nil.*


### Service Agreements

The consolidated entity entered into service agreements with Messrs Billing, Gardner, Mackie, Bubner and Cloke on 2 May 2007. These agreements have no fixed term and may be terminated by either party giving three months notice in writing. There are no minimum payments specified in the agreements.

Details of the current service agreements are set out below:

| Director | Terms |
|---|---|
| M R Billing | Daily rate of $1000 per day for each day in excess of 3 days within a month |
| N W Gardner | Daily rate of $1200 per day |
| A W Mackie | Daily rate of $1000 per day for each day in excess of 2 days within a month |
| G J Bubner | Daily rate of $1000 per day for each day in excess of 2 days within a month |
| D J Cloke | Daily rate of $1000 per day for each day in excess of 2 days within a month |

### Options Issued as Remuneration for the Year Ended 30 June 2009

The company issued options to directors or other key management personnel during the year as part of their remuneration.

No ordinary shares were issued during the year to directors or other key management personnel as a consequence of exercising options.

### Meetings of Directors

The number of meetings of the company's Board of Directors attended by each director during the year ended 30 June 2009 was:

| 2007 | Meetings held while in office | Meetings attended |
|---|---|---|
| M R Billing | 11 | 11 |
| N W Gardner | 11 | 11 |
| A W Mackie | - | - |
| G J Bubner | 11 | 11 |
| D J Cloke | 11 | 11 |
| M K Ashton | 11 | 11 |

Due to its size and activities the company does not have any separate board committees.

### Non-Audit Services

The Board of Directors is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor: and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid to the external auditors during the period ended 30 June 2009:

- Taxation and accounting services $49,195 (2008: $1,800)

### Options on issue at date of this report

**2009 Unlisted Options**

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 30 Apr 2007 | 30 Jun 2010 | $0.25 | 3,750,000 |
| 28 May 2007 | 30 Jun 2010 | $0.25 | 2,000,000 |
| 23 Jul 2007 | 30 Jun 2011 | $0.25 | 1,500,000 |
| 25 Feb 2008 | 30 Jun 2011 | $0.20 | 220,000 |
| 25 Sep 2008 | 30 Nov 2013 | $0.20 | 5,000,000 |
| 25 Sep 2008 | 30 Sep 2011 | $0.18 | 950,000 |
| 31 Mar 2009 | 30 Sep 2011 | $0.18 | 500,000 |
| 27 Apr 2009 | 23 Apr 2012 | $0.11 | 550,000 |
| | | | 14,470,000 |

No options were exercised during the period.
720,000 options lapsed during the year.

**2009 Listed Options**

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 18 Jul 2008 | 30 Nov 2011 | $0.25 | 2,389,917 |

During the year 10,501 Listed Options were exercised.

**2008**

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 30 Apr 2007 | 30 Jun 2010 | $0.25 | 3,750,000 |
| 28 May 2007 | 30 Jun 2010 | $0.25 | 2,000,000 |
| 23 Jul 2007 | 30 Jun 2010 | $0.20 | 1,500,000 |
| 25 Feb 2008 | 30 Jun 2011 | $0.20 | 220,000 |
| 06 May 2008 | 30 Jun 2011 | $0.20 | 20,000 |
| 25 Sep 2008 | 30 Nov 2013 | $0.20 | 5,000,000 |
| 25 Sep 2008 | 30 Sep 2011 | $0.20 | 1,650,000 |
| | | | 14,140,000 |

No options were exercised during the period.

### Indemnification of Officers and Auditors

During the period the company arranged insurance cover and paid a premium for directors in respect of indemnity against third party liability. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the *Corporations Act 2001*.

The company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred by an officer or auditor.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.
The company was not a party to such proceedings during the year.

### Auditor's Independence Declaration

The auditor's independence declaration is included on *page 28* of the financial report.

Signed at Adelaide this 30th day of September 2009 in accordance with a resolution of the directors.

**M R Billing**
Director

**N W Gardner**
Director

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## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WESTERN DESERT RESOURCES LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Western Desert Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

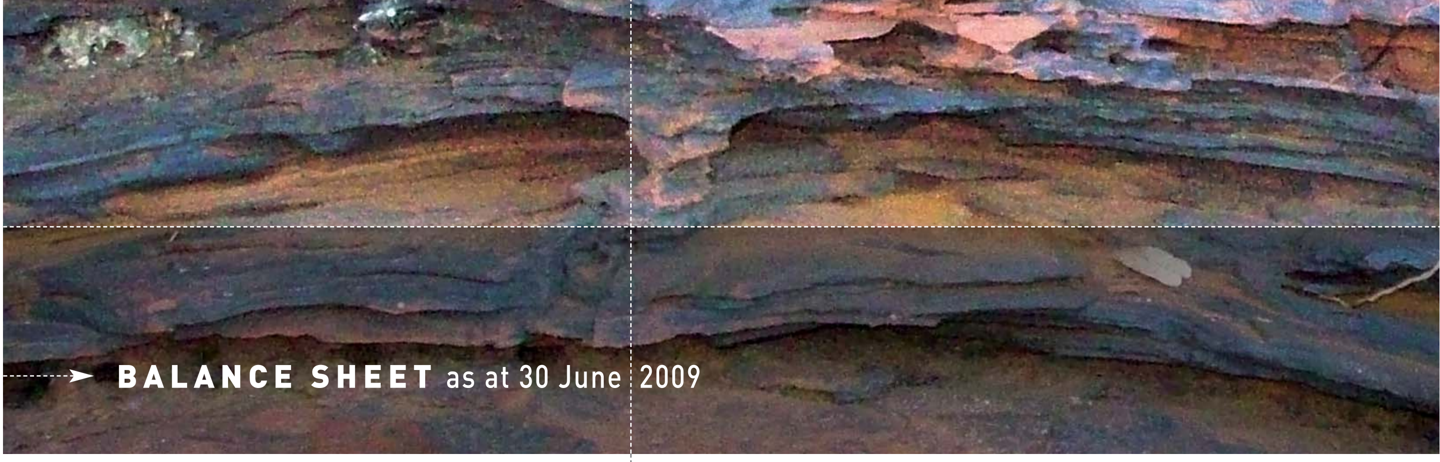
S J Gray
Partner

Signed at Wayville on this 30th day of September 2009

# INCOME STATEMENT for the financial year ended 30 June 2009

| | NOTE | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|---|
| Revenue | 4 | 2,374,939 | 366,326 | 2,374,939 | 366,326 |
| Cost of Sales | | (433,327) | - | (433,327) | - |
| Exploration expenses written off | | (4,102,405) | (681,516) | (2,227,555) | (29,640) |
| Administration expenses | | (186,261) | (420,708) | (186,261) | (420,708) |
| Shareholder relations expense | | (168,935) | (87,575) | (168,935) | (87,575) |
| Corporate consulting expenses | | (697,219) | (167,079) | (697,219) | (167,079) |
| Directors fees | | (148,964) | (150,933) | (148,964) | (150,933) |
| Occupancy expenses | | (138,897) | (54,805) | (138,897) | (54,805) |
| Salaries and wages | | (355,762) | (94,336) | (355,762) | (94,336) |
| Share based remuneration | | (1,014,423) | (223,823) | (1,014,423) | (223,823) |
| Depreciation expense | | (49,668) | (31,831) | (49,668) | (31,831) |
| Share of profits of associate | | (387,651) | (68,512) | - | (68,512) |
| Finance Costs | | (1,164) | - | (1,164) | - |
| Impairment of investment in associate | | (1,752,571) | (1,411,170) | (2,140,222) | (1,411,170) |
| Impairment of intercompany loans | | - | - | (1,874,850) | (651,876) |
| **Loss before income tax** | 5 | (7,062,308) | (3,025,962) | (7,062,308) | (3,025,962) |
| Tax (expense)/income | 6 | - | (203,858) | - | (203,858) |
| **Net (Loss) after income tax** | | (7,062,308) | (3,229,820) | (7,062,308) | (3,229,820) |
| Loss attributable to members of the parent entity | | (7,062,308) | (3,229,820) | (7,062,308) | 3,229,820) |
| Earnings Per Share | | | | | |
| Basic (cents per share) – Loss | 24 | 8.38 | 4.93 | | |
| Diluted (cents per share) – Loss | 24 | 8.38 | 4.93 | | |

The above income statement should be read in conjunction with the accompanying notes.



# BALANCE SHEET as at 30 June 2009

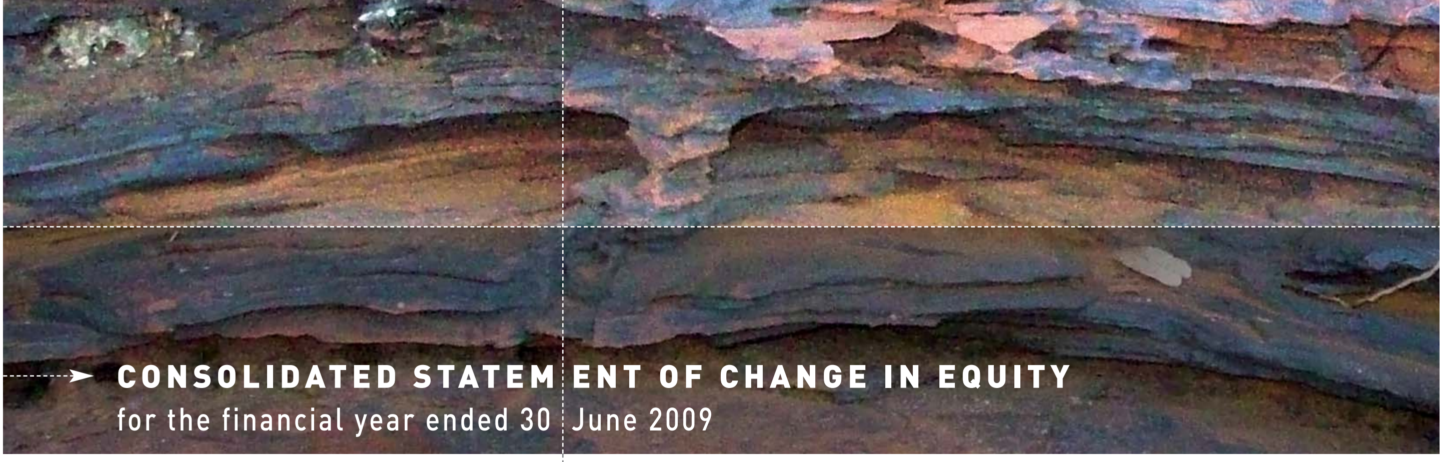
| | NOTE | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | | **917,575** | 1,996,002 | **917,575** | 1,996,002 |
| Trade and other receivables | 7 | **338,016** | 218,499 | **338,016** | 218,499 |
| Other assets | 8 | **99,575** | 52,629 | **99,575** | 52,629 |
| **TOTAL CURRENT ASSETS** | | **1,355,166** | 2,267,130 | **1,355,166** | 2,267,130 |
| **NON-CURRENT ASSETS** | | | | | |
| Exploration and evaluation expenditure | 9 | **4,039,953** | 3,343,324 | **-** | 129,314 |
| Trade and other receivables | 10 | **-** | - | **4,039,953** | 3,213,580 |
| Plant and equipment | 11 | **118,436** | 146,517 | **118,436** | 146,517 |
| Other Financial assets | 25 | **-** | - | **574,811** | 2,715,033 |
| Equity accounted investment | 12 | **574,391** | 2,714,603 | **-** | - |
| **TOTAL NON-CURRENT ASSETS** | | **4,732,780** | 6,204,444 | **4,732,780** | 6,204,444 |
| **TOTAL ASSETS** | | **6,087,946** | 8,471,574 | **6,087,946** | 8,471,574 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 13 | **754,453** | 379,139 | **754,453** | 379,139 |
| Provisions | 14 | **19,981** | 7,525 | **19,981** | 7,525 |
| **TOTAL CURRENT LIABILITIES** | | **774,434** | 386,664 | **774,434** | 386,664 |
| **TOTAL LIABILITIES** | | **774,434** | 386,664 | **774,434** | 386,664 |
| **NET ASSETS** | | **5,313,512** | 8,084,910 | **5,313,512** | 8,084,910 |
| **EQUITY** | | | | | |
| Issued Capital | 15 | **14,436,253** | 11,159,766 | **14,436,253** | 11,159,766 |
| Reserves | 16 | **1,238,246** | 223,823 | **1,238,246** | 223,823 |
| Accumulated losses | 17 | **(10,360,987)** | (3,298,679) | **(10,360,987)** | (3,298,679) |
| **TOTAL EQUITY** | | **5,313,512** | 8,084,910 | **5,313,512** | 8,084,910 |

The above balance sheet should be read in conjunction with the accompanying notes.

# CONSOLIDATED CASH FLOW STATEMENT for the financial year ended 30 June 2009

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **Cash flows relating to operating activities** | | | | |
| Payments to suppliers and employees | **(2,118,866)** | (791,998) | **(2,118,866)** | (791,998) |
| Interest received | **69,962** | 361,875 | **69,962** | 361,875 |
| Other revenue | **2,053,865** | 204 | **2,053,865** | 204 |
| **Net operating cash flows** *Note (a)* | **4,961** | (429,919) | **4,961** | (429,919) |
| **Cash flows relating to investing activities** | | | | |
| Payments for exploration and evaluation expenditure | **(3,357,291)** | (1,849,053) | **(2,425,242)** | (158,953) |
| Re-imbursement from Joint Venture partner | **1,491,530** | - | **1,491,530** | - |
| Payments for plant and equipment | **(45,715)** | (155,025) | **(45,715)** | (155,025) |
| Payment for shares in subsidiaries | **-** | - | **-** | (10) |
| Payment for shares in associate | **-** | (4,194,285) | **-** | (4,194,285) |
| Loans to controlled entities | **-** | - | **(932,049)** | (1,690,090) |
| **Net investing cash flows** | **(1,911,476)** | (6,198,363) | **(1,911,476)** | (6,198,363) |
| **Cash flows relating to financing activities** | | | | |
| Proceeds from share issues | **866,058** | 9,015,000 | **866,058** | 9,015,000 |
| Payments for capital raising costs | **(37,971)** | (689,486) | **(37,971)** | (689,486) |
| **Net financing cash flows** | **828,087** | 8,325,514 | **828,087** | 8,325,514 |
| **Net increase in cash** | **(1,078,427)** | 1,697,232 | **(1,078,427)** | 1,697,232 |
| **Cash at beginning of financial year** | **1,996,002** | 298,770 | **1,996,002** | 298,770 |
| **Cash at end of financial year** | **917,575** | 1,996,002 | **917,575** | 1,996,002 |
| *Note (a)*: Reconciliation of loss for the year to net cash flow from ordinary activities. | | | | |
| Loss for the period | **(7,062,308)** | (3,229,820) | **(7,062,308)** | (3,229,820) |
| Income tax on share issue costs | **-** | 203,858 | **-** | 203,858 |
| Share based remuneration | **1,014,423** | 223,823 | **1,014,423** | 223,823 |
| Depreciation | **49,668** | 31,831 | **49,668** | 31,831 |
| Exploration written off | **4,102,405** | 681,516 | **2,227,555** | 29,641 |
| Loss incurred by associated entity | **-** | 68,512 | **387,651** | 68,512 |
| Impairment of investment in associated entity | **2,140,222** | 1,411,170 | **1,752,571** | 1,411,170 |
| Impairment of intercompany loan | **-** | - | 1,874,850 | 651,876 |
| Increase/(decrease) in provisions | **12,456** | 7,525 | **12,456** | 7,525 |
| Increase/(decrease) in payables | **34,484** | 222,199 | **34,484** | 222,199 |
| (Increase)/decrease in receivables | **(220,413)** | (228,223) | **(220,413)** | (228,224) |
| (Increase)/decrease in prepayments | **(65,976)** | 177,690 | **(65,976)** | 177,690 |
| Net operating cash flows | **4,961** | (429,919) | **4,961** | (429,919) |

The above statement of cash flow statement should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

for the financial year ended 30 June 2009

| | Consolidated Entity | | | |
|---|---|---|---|---|
| | Issued Capital $ | Accunulated losses $ | Share based payments reserve $ | Total $ |
| Balance at 1 July 2008 | **11,159,766** | **(3,298,679)** | **223,823** | **8,084,910** |
| Profit/(loss) attributable to members of the parent entity | **-** | **(7,062,308)** | **-** | **(7,062,308)** |
| Issue of shares for exploration and services | **2,448,400** | **-** | **-** | **2,448,400** |
| Issue of share capital | **866,058** | **-** | **-** | **866,058** |
| Cost of share issues | **(37,971)** | **-** | **-** | **(37,971)** |
| Fair value of options issued | **-** | **-** | **1,014,423** | **1,014,423** |
| Balance at 30 June 2009 | **14,436,253** | **(10,360,987)** | **1,238,246** | **5,313,512** |
| Balance at 1 July 2007 | 630,394 | (68,859) | - | 561,535 |
| Profit/(Loss) attributable to members of the parent entity | - | (3,229,820) | - | (3,229,820) |
| Issue of share capital | 11,015,000 | - | - | 11,015,000 |
| Cost of share issues | (485,628) | - | - | (485,628) |
| Fair Value of options issued | - | - | 223,823 | 223,823 |
| Balance at 30 June 2008 | 11,159,766 | (3,298,679) | 223,823 | 8,084,910 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.



## 1 GENERAL INFORMATION

Western Desert Resources Limited (the company) is a listed public company, incorporated and domiciled in Australia.

Western Desert Resources Limited's registered office and its principal place of business are as follows:

Level 1, 26 Greenhill Road
Wayville
South Australia 5034

## 2 STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. Western Desert Resources Limited and the consolidated entity's assessment of the impact of these new standards and interpretations is set out below:

i) **AASB101 Presentation of Financial Statements -** a revised AASB 102 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial positions), this one being as at the beginning of the comparative period. The Consolidated entity intends to apply the revised standard from 1 July 2009.

ii) **AASB8 Operating Segments -** AASB 8 is effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoptions of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The consolidated entity has not adopted AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However at this stage, it is not expected to affect any of the amounts recognised in the financials statements.

iii) **AASB-1 14 Borrowing Costs -** The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the consolidated entity.

## 3 SIGNIFICANT ACCOUNTING POLICIES

**Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 30 September 2009.



## 3 SIGNIFICANT ACCOUNTING POLICIES ... continued

**Basis of preparation**

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

### b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation benefit plans are expensed when incurred.

### c) Exploration and Evaluation Expenditure

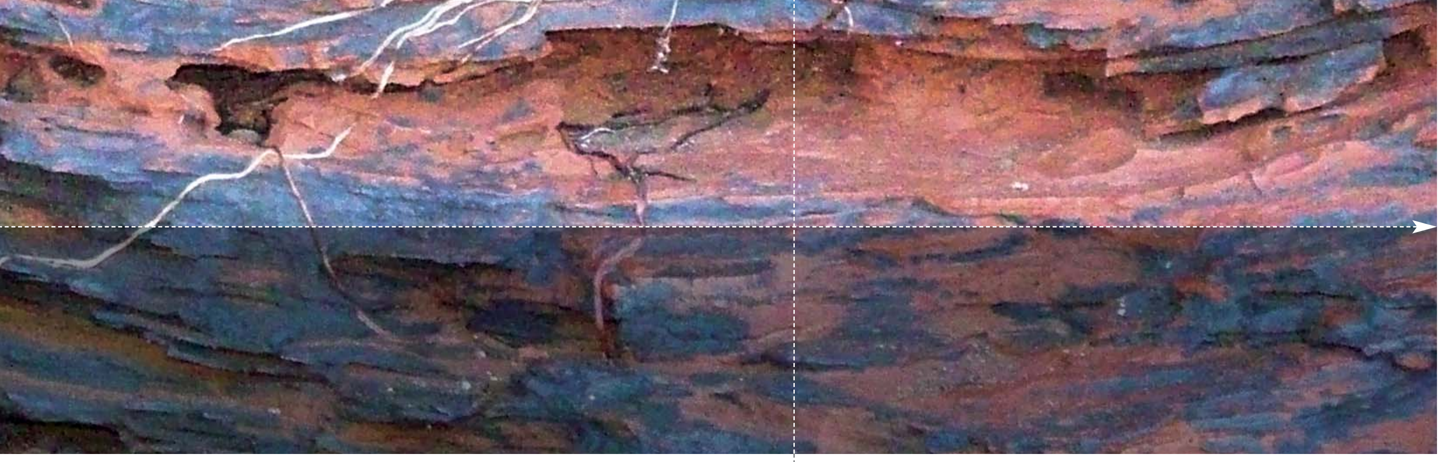
Exploration and evaluation expenditures in relation to each separate area of interest, are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

*i)* the rights to tenure of the area of interest are current; and

*ii)* at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.



Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories; 'held to maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit and loss'.

*Held-to-maturity investments*

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

*Available-for-sale financial assets*

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined based on quoted market prices. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly on the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payment is established.



d) Financial assets ... continued

*Loans and Receivables*
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

*Impairment of financial assets*
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

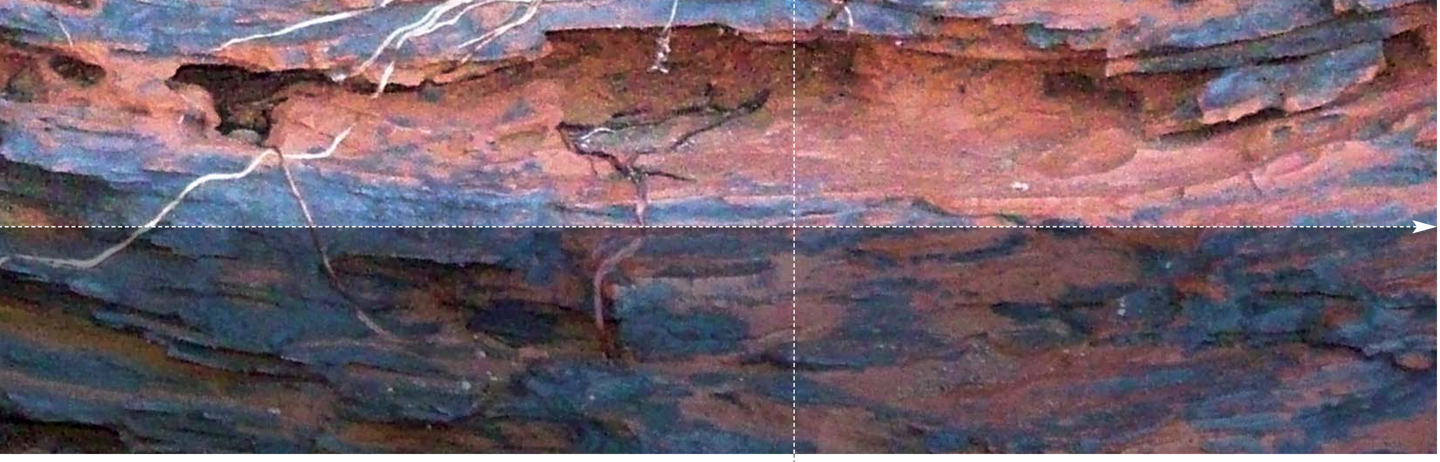
*i)* where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
*ii)* for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f) Impairment of assets (other than exploration and evaluation)

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.



Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Income tax

*Current tax*
Current tax is calculated by references to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

*Deferred tax*
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacting by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.



g) Income Tax ... continued

*Current and deferred tax for the period*
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

*Tax consolidation*
The company and all its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. Western Desert Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in *note 3* to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

h) Joint ventures

Interests in jointly controlled assets and operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

i) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

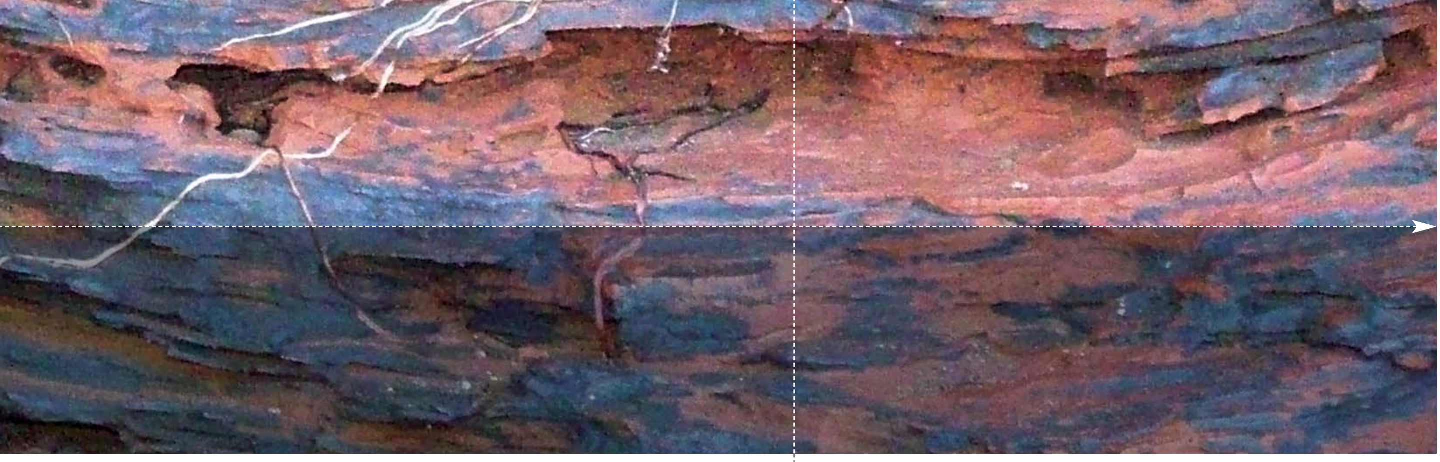
j) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of deprecation:

- Plant and equipment – at cost 3-10 years



## k) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

## l) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## m) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

## n) Government grants

Government grants are assistance by government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable.

o) **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.
The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising from acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

p) **Incorporation**

The company was incorporated on 20 October 2006.

q) **Investment in Associates**

Investments in associate companies are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

r) **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

s) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

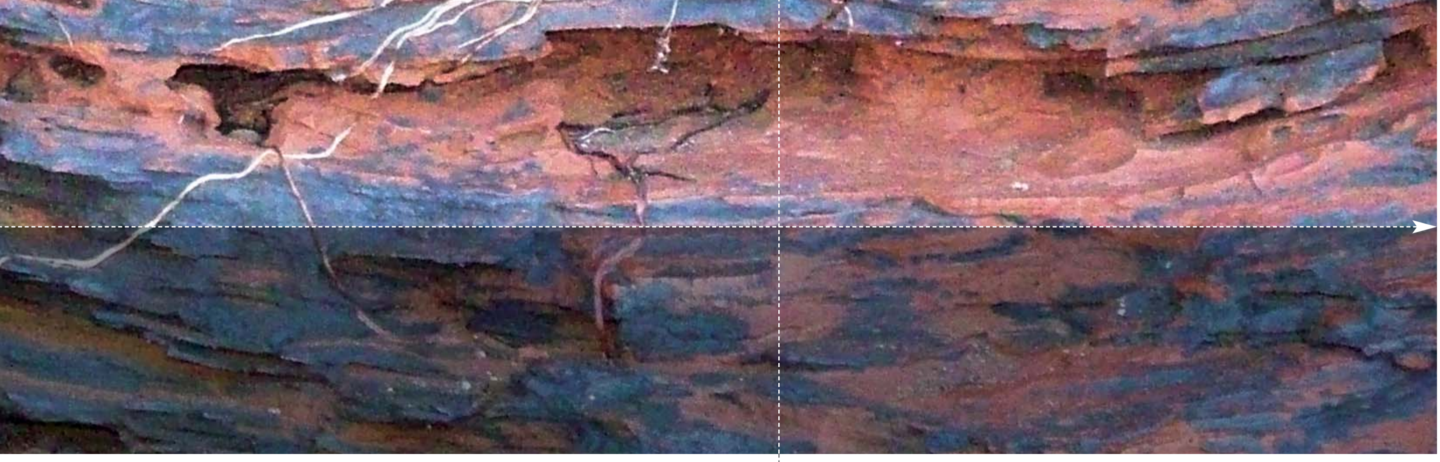
t) **Critical Accounting Estimates and Judgement**

The preparation of the consolidated financial report requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The carrying amounts of certain assets and liabilities are often determined based on management's judgement regarding estimates and assumptions of future events. The reasonableness of estimates and underlying assumptions are reviewed on an ongoing basis. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the annual reporting period are:

*Exploration and evaluation*
The consolidated entity's policy for exploration and evaluation is discussed at *note 3(c)*. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the income statement.

The financial report was authorised for issue on 30th September 2009 by the Board of Directors.



| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|

## 4 REVENUE

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Sale of tenements | **2,008,390** | - | **2,008,390** | - |
| Other Revenue | **300,833** | - | **300,833** | - |
| Interest receivable | **65,716** | 366,326 | **65,716** | 366,326 |
| | **2,374,939** | 366,326 | **2,374,939** | 326,326 |

## 5 LOSS FOR THE YEAR

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| The following expenditure were included in the loss for the year: | | | | |
| Rental expense on operating leases | **69,749** | - | **69,749** | - |
| Loss on disposal of plant and equipment | **20,484** | - | **20,484** | - |

## 6 INCOME TAX

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **a)** The components of income tax expense comprise: | | | | |
| Current tax expense | **-** | - | **-** | - |
| Deferred tax expense/(income) relating to the origination and reversal of temporary differences | **-** | 203,858 | **-** | 203,858 |
| Total tax expense/(income) | **-** | 203,858 | **-** | 203,858 |
| **b)** The prima facie income tax expense on the loss before income tax reconciles to the tax expense/(income) in the financial statements as follows: | | | | |
| Loss from continuing operations | **(7,062,308)** | (3,229,820) | **(7,062,308)** | (3,229,820) |
| Income tax income calculated at 30% | **(2,118,692)** | (968,946) | **(2,118,692)** | (968,946) |
| Add/(less) Tax effect of: | | | | |
| – other allowable/(non-allowable) items | **247,199** | 580,120 | **247,199** | 580,120 |
| Tax expense/(income) | **(1,871,493)** | (388,826) | **(1,871,493)** | (388,826) |
| Tax effect of capital raising costs not meeting the recognition criteria | **-** | 203,858 | **-** | 203,858 |
| Tax effect tax losses not brought to account as they do not meet the recognition criteria | **1,871,493** | 388,826 | **1,871,493** | 388,826 |
| Income tax attributable to operating loss | **-** | 203,858 | **-** | 203,858 |
| **c)** Unused tax losses net of deferred tax liabilities and for which no deferred tax asset has been recognised at 30% | **2,450,069** | 578,576 | **2,316,533** | 445,040 |



| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **7 CURRENT TRADE AND OTHER RECEIVABLES** | | | | |
| Trade receivables | **338,016** | 214,253 | **338,016** | 214,253 |
| Interest receivables | **-** | 4,246 | **-** | 4,246 |
| | **338,016** | 218,499 | **338,016** | 218,499 |

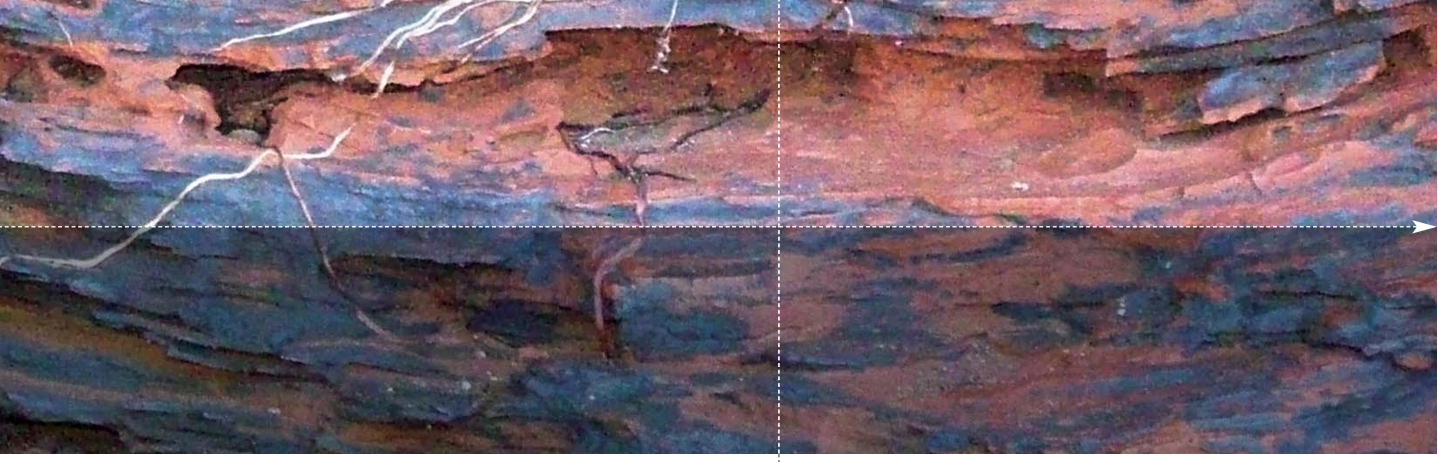
None of the current receivables are impaired or past due not impaired.

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **8 OTHER CURRENT ASSETS** | | | | |
| Bonds paid | **57,443** | 18,080 | **57,443** | 18,080 |
| Other assets | **10,259** | - | **10,259** | - |
| Prepaid expenditures | **31,873** | 16,234 | **31,873** | 16,234 |
| Prepaid capital raising expenses | **-** | 18,315 | **-** | 18,315 |
| | **99,575** | 52,629 | **99,575** | 52,629 |
| **9 EXPLORATION AND EVALUATION EXPENDITURE** | | | | |
| Costs brought forward | **3,343,325** | 122,435 | **129,314** | - |
| Expenditure incurred during the year | **5,047,680** | 3,902,406 | **409,895** | 158,954 |
| | **8,391,005** | 4,024,841 | **539,209** | 158,954 |
| Joint Venture contributions | **(1,690,170)** | - | **-** | - |
| Costs of projects sold | **(433,327)** | - | **-** | - |
| Expenditure written off | **(2,227,555)** | (681,516) | **(539,209)** | (29,640) |
| | **4,039,953** | 3,343,325 | **-** | 129,314 |

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or project evaluations which the directors consider have no recoverable amount.

The recoverability of the carrying of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **10 NON-CURRENT RECEIVABLES** | | | | |
| Amounts due from subsidiaries | - | - | 6,566,679 | 3,865,456 |
| Allowance for doubtful debts | **-** | **-** | **(2,526,726)** | (651,876) |
| | **-** | **-** | **4,039,953** | 3,213,580 |



| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|

## 11 PLANT AND EQUIPMENT

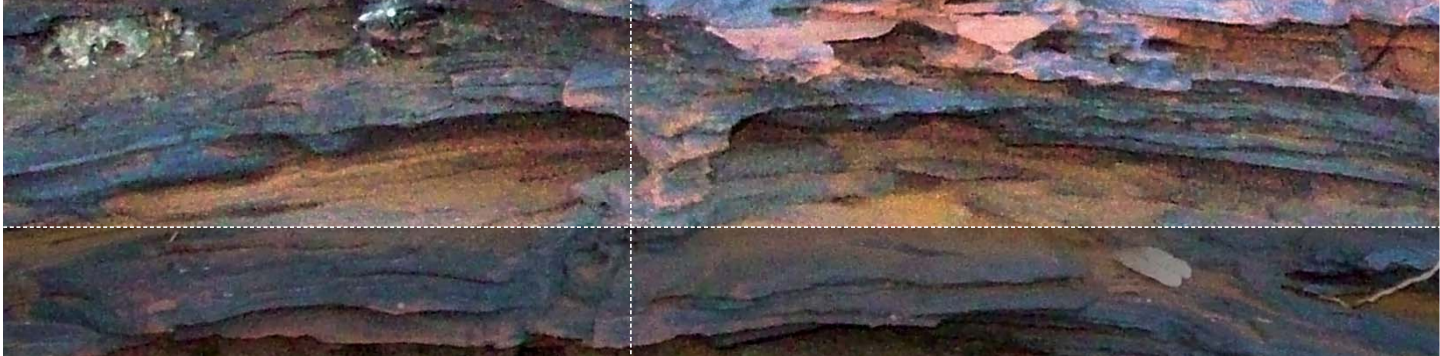
| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Gross carrying amount | | | | |
| Balance at 1 July 2008 | **178,348** | - | **178,348** | - |
| Additions | **42,062** | 178,348 | **42,062** | 178,348 |
| Disposals | **(25,234)** | - | **(25,234)** | - |
| Balance at 30 June 2009 | **195,176** | 178,348 | **195,176** | 178,348 |
| Accumulated depreciation: | | | | |
| Balance at 1 July 2008 | **(31,831)** | - | **(31,831)** | - |
| Depreciation this year | **(49,668)** | (31,831) | **(49,668)** | (31,831) |
| Depreciation on disposals | **4,759** | - | **4,759** | - |
| Balance at 30 June 2009 | **(76,470)** | (31,831) | **(76,470)** | (31,831) |
| Net Book Value: | | | | |
| Balance at 30 June | **118,436** | 146,517 | **118,436** | 146,517 |

## 12 ASSOCIATED COMPANIES

Shares in associates are accounted for in the consolidated Financial Statements using the equity method of accounting and are carried at cost by the parent entity (refer to *Note 25*).

Interests are held in the following associated companies:

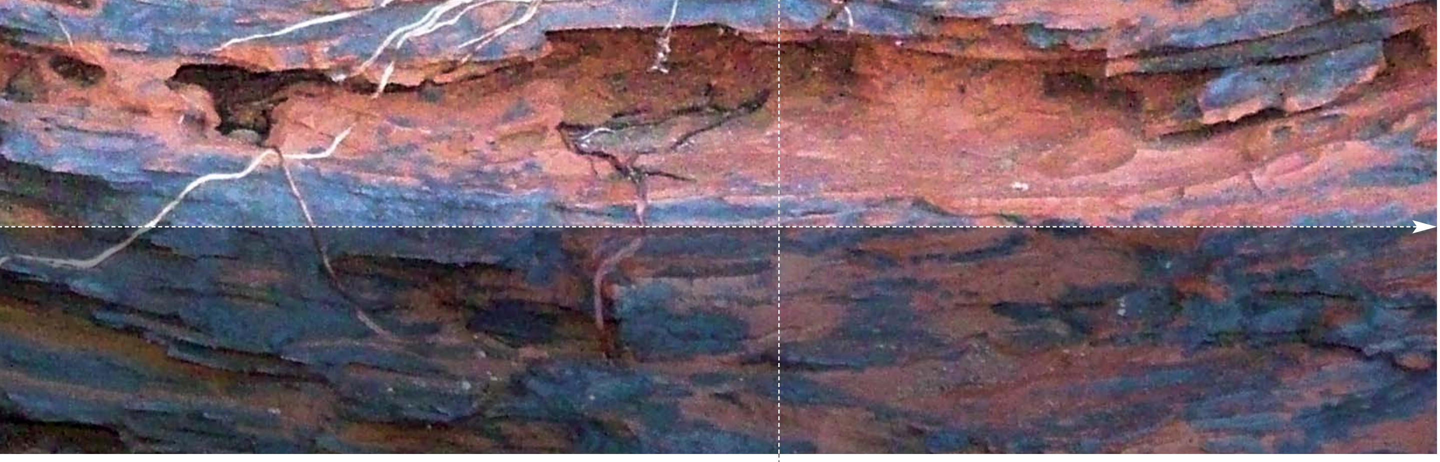
| Name | Principal Activities | Country of Incorporation | Shares | Ownership Interest 2009 % | Ownership Interest 2008 % | Carrying Amount of Investment 2009 $000 | Carrying Amount of Investment 2008 $000 |
|---|---|---|---|---|---|---|---|
| **Listed** | | | | | | | |
| Thor Mining PLC | Exploration | England and Wales | Ord | **14.6** | 16.7 | **574,391** | 2,714,603 |
| | | | | | | **574,391** | 2,714,603 |





## 12 ASSOCIATED COMPANIES ... continued

| | | Consolidated 2009 $ | Consolidated 2008 $ |
|---|---|---|---|
| **a)** | **Movement During the Year in Equity Accounted Investment in Associated Companies** | | |
| | **Balance at the beginning of the year** | **2,714,603** | - |
| Add | New investments during the year | **-** | 4,194,285 |
| | Share of associated company's loss after income tax | **(387,651)** | (68,512) |
| less | Impairment recognised | **(1,752,561)** | (1,411,170) |
| | Balance at end of the financial year | **574,391** | 2,714,603 |
| **b)** | **Equity accounted profits of associates are broken down as follows:** | | |
| | Share of associate's loss before income tax expense | **(387,651)** | (68,512) |
| | Share of associates income tax expense | **-** | - |
| | Share of associate's loss after income tax | **(387,651)** | (68,512) |
| **c)** | **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates** | **$000's 2009** | $000's 2008 |
| | Currents assets | **470** | 2,825 |
| | Non-current assets | **14,017** | 13,881 |
| | Total Assets | **14,487** | 16,706 |
| | Current Liabilities | **247** | 294 |
| | Non-current liabilities | **104** | 164 |
| | Total Liabilities | **351** | 458 |
| | Net Assets | **14,136** | 16,248 |
| | Loss after income tax of associates | **2,662** | 2,230 |
| **d)** | Ownership in Thor Mining PLC at that company's balance date was 14.6% of ordinary shares. The reporting date of Thor Mining PLC is 30 June 2009. This reporting date coincides with the entity's holding company | | |
| **e)** | Market value of listed investment in associate | **574** | 2,497 |



| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| **13 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES** | | | | |
| Trade payables and accruals | **754,453** | 379,139 | **754,453** | 379,139 |
| **14 CURRENT LIABILITIES – PROVISIONS** | | | | |
| Employee benefits | **19,981** | 7,525 | **19,981** | 7,525 |

| | 2009 | 2009 | 2008 | 2008 |
|---|---|---|---|---|
| | No. | $ | No. | $ |
| **15 ISSUED CAPITAL** | | | | |
| **Issued share capital:** | | | | |
| 89,711,428 fully paid ordinary shares (2008 : 69,720,000) | **89,711,428** | **14,436,253** | 69,720,000 | 11,159,766 |
| **Movement in issued shares for the year:** | | | | |
| Balance at beginning of financial period | **69,720,000** | **11,159,766** | 16,000,000 | 630,394 |
| Issued at 12.5 cents | - | - | 320,000 | 40,000 |
| Issued at 20 cents | - | - | 47,500,000 | 9,500,000 |
| Issued at 25 cents | - | - | 5,900,000 | 1,475,000 |
| Issued at 18 cents (Rights Issue) | **4,800,929** | **864,168** | - | - |
| Issued for consideration of exploration tenements | **680,000** | **88,400** | - | - |
| Issued for consideration of exploration tenements | **5,000,000** | **700,000** | - | - |
| Issued at 20 cents (For drilling services) | **7,500,000** | **1,500,000** | - | - |
| Issued at 18 cents (options exercised) | **10,501** | **1,890** | - | - |
| Issued for consideration of exploration tenements | **1,999,998** | **160,000** | - | - |
| Costs associated with the issue of shares | - | **(37,971)** | - | (689,486) |
| Tax effect of transaction costs | - | - | - | 203,858 |
| Balance at end of financial period | **89,711,428** | **14,436,253** | 69,720,000 | 11,159,766 |

**Capital management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, and ensure the group continues as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.



## 15 ISSUED CAPITAL ... continued

**Options**

The company has granted options whereby each option is exercisable for conversion into one ordinary share at a specified exercise price and expiring on dates as detailed below.

| | 2009 No. | 2008 No. |
|---|---|---|
| **Movement in issued options for the year:** | | |
| Options on issue at the beginning of period | **7,490,000** | 5,750,000 |
| Options issued during the year | **10,100,418** | 1,740,000 |
| Options exercised during the year | **(10,501)** | - |
| Options cancelled during the year | **(720,000)** | - |
| Options on issue at the end of year | **16,859,917** | 7,490,000 |

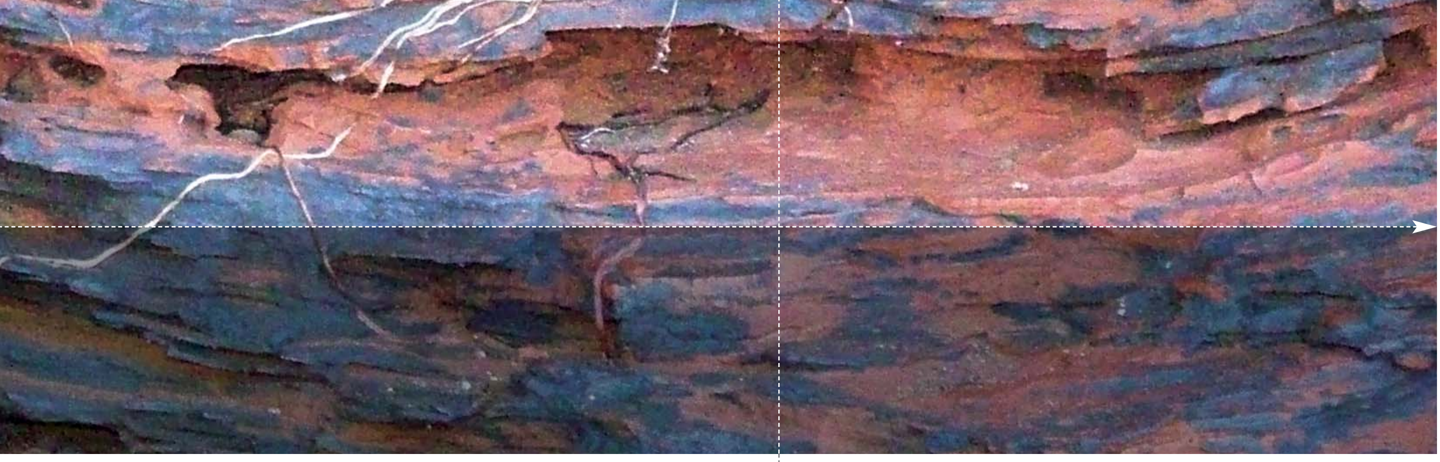
**Details of Options Granted:**

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 30- Apr-2007 | 30-Jun-2010 | $0.25 | 3,750,000 |
| 28-May-2007 | 30-Jun-2010 | $0.25 | 2,000,000 |
| 23-Jul-2007 | 30-Jun-2011 | $0.25 | 1,500,000 |
| 25-Feb-2008 | 30-Jun-2011 | $0.20 | 220,000 |
| 18-Jul-2008 | 30-Nov-2011 | $0.18 | 2,389,917 |
| 25-Sep-2008 | 30-Nov-2013 | $0.20 | 5,000,000 |
| 25-Sep-2008 | 30-Sep-2011 | $0.18 | 950,000 |
| 31-Mar-2009 | 30-Sep-2011 | $0.18 | 500,000 |
| 27-Apr-2009 | 23-Apr-2012 | $0.11 | 550,000 |
| | | | 16,859,917 |

## 16 SHARE OPTION RESERVE

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Equity-settled benefits reserve: | | | | |
| Balance at 1 July 2008 | **223,823** | - | **223,823** | - |
| Share based payments | **1,014,423** | 223,823 | **1,014,423** | 223,823 |
| Balance at 30 June 2009 | **1,238,246** | 223,823 | **1,238,246** | 223,823 |

The equity-settled benefits reserve arises on the grant of options to employees, consultants and executives under the Employee Share Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.



## 17 ACCUMULATED LOSSES

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Balance at beginning of financial year | **(3,298,679)** | (68,859) | **(3,298,679)** | (68,859) |
| Net Loss for the year | **(7,062,308)** | (3,229,820) | **(7,062,308)** | (3,229,820) |
| Balance at end of financial year | **(10,360,987)** | (3,298,679) | **(10,360,987)** | (3,298,679) |

## 18 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of Western Desert Resources Limited during the year were:

**M R Billing** (Non-Executive chairman), appointed 23 February 2007
**N W Gardner** (Managing director), appointed 21 October 2006
**G J Bubner** (Non-executive director), appointed 21 October 2006
**D J Cloke** (Non-executive director), appointed 21 October 2006
**M K Ashton** (Non-executive director), appointed 1 May 2007
**L Ackroyd** (Company secretary), appointed 14 April 2009
**A Mackie** (Non Executive director) resigned 16 July 2008
**M J Kitchin** (Company Secretary) resigned 25 November 2008

The aggregate compensation of key management personnel of the consolidated entity and the company is set out below:

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Short-term employee benefits | **688,711** | 605,940 | **688,711** | 605,940 |
| Post employment benefits | **44,976** | 45,130 | **44,976** | 45,130 |
| Share-based payments (i) | **987,659** | - | **987,659** | - |
| | **1,721,346** | 651,070 | **1,721,346** | 651,070 |

(i) Share based payments relate to share options granted during the year to key management personnel. Share options do not represent cash payments to key management personnel and share options granted may or may not be exercised by the key management personnel.

The consolidated entity has applied the exemption under Corporations Amendments Regulations 2005 which exempts listed companies from providing compensation disclosures in relation to their key management personnel in their annual financial reports by Accounting Standard AASB 124 Related Party Disclosures". These Compensation disclosures are provided in the "Remuneration Report" of the Directors' Report and designated as "Audited".



## 18 KEY MANAGEMENT PERSONNEL COMPENSATION ... continued

Equity holdings of key management personnel are detailed below:

*i)* Fully paid ordinary shares issued by Western Desert Resources Limited

| 2009 | Balance 30/6/08 | Net Changes [(a)] | Balance 30/6/09 | Balance held Nominally |
|---|---|---|---|---|
| M R Billing | **1,186,666** | **234,000** | **1,420,666** | **-** |
| N W Gardner | **3,494,194** | **960,509** | **4,454,703** | **-** |
| G J Bubner | **2,497,600** | **732,281** | **3,229,881** | **-** |
| D J Cloke | **1,263,668** | **272,726** | **1,536,394** | **-** |
| M K Ashton | **3,546,140** | **709,226** | **4,255,366** | **-** |

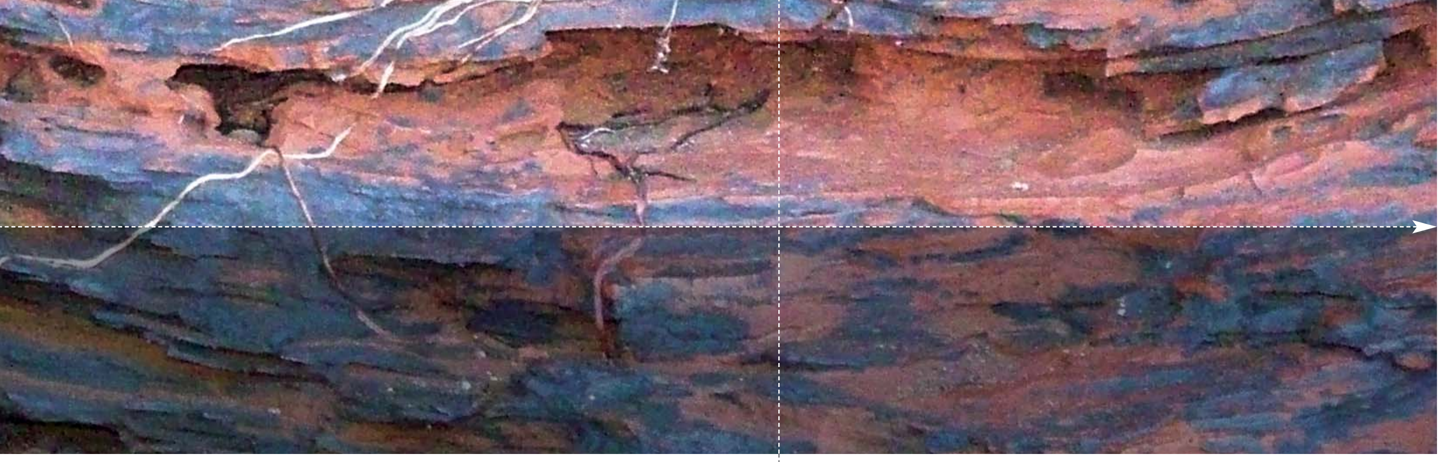
(a) *Net changes include Director participation in the Share Purchase Plan, which was available to all shareholders.*

| 2008 | Balance 30/6/07 | Net Changes [(a)] | Balance 30/6/08 | Balance held Nominally |
|---|---|---|---|---|
| M R Billing | 1,166,666 | 20,000 | 1,186,666 | - |
| N W Gardner | 2,416,666 | 1,077,618 | 3,494,284 | - |
| A W Mackie | 2,416,667 | 198,460 | 2,615,127 | - |
| G J Bubner | 2,416,667 | 80,333 | 2,497,000 | - |
| D J Cloke | 1,166,667 | 97,001 | 1,263,668 | - |
| M K Ashton | 2,416,667 | 1,129,473 | 3,546,140 | - |

*ii)* Options to acquire fully paid ordinary shares issued by Western Desert Resources Limited

| 2009 | Balance at 30/6/08 | Granted | Exercised | Balance 30/6/09 | Vested and exercisable |
|---|---|---|---|---|---|
| M R Billing | **583,334** | **1,000,000** | **-** | **1,583,334** | **1,583,334** |
| N W Gardner | **583,334** | **1,000,000** | **-** | **1,583,334** | **1,583,334** |
| A W Mackie | **583,333** | **-** | **-** | **583,333** | **583,333** |
| G J Bubner | **583,333** | **1,000,000** | **-** | **1,583,333** | **1,583,333** |
| D J Cloke | **583,333** | **1,000,000** | **-** | **1,583,333** | **1,583,333** |
| M K Ashton | **583,333** | **1,000,000** | **-** | **1,583,333** | **1,583,333** |
| L Ackroyd | **-** | **500,000** | **-** | **500,000** | **500,000** |

| 2008 | Balance at 30/6/07 | Granted | Exercised | Balance 30/6/08 | Vested and exercisable |
|---|---|---|---|---|---|
| M R Billing | 583,334 | - | - | 583,334 | 583,334 |
| N W Gardner | 583,334 | - | - | 583,334 | 583,334 |
| A W Mackie | 583,333 | - | - | 583,333 | 583,333 |
| G J Bubner | 583,333 | - | - | 583,333 | 583,333 |
| D J Cloke | 583,333 | - | - | 583,333 | 583,333 |
| M K Ashton | 583,333 | - | - | 583,333 | 583,333 |



| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| **19 REMUNERATION OF AUDITORS** | | | | |
| Auditing the financial report | **21,000** | 15,000 | **21,000** | 15,000 |
| Provision of taxation services | **47,195** | 1,800 | **47,195** | 1,800 |
| Accounting advice | **2,000** | - | **2,000** | - |
| | **70,195** | 16,800 | **70,195** | 16,800 |

The auditor of Western Desert Resources Limited is Grant Thornton South Australian Partnership.

## 20 RELATED PARTY DISCLOSURES

### a) Equity interests in related parties

*Equity interests in subsidiaries*

Details of the percentage of ordinary shares held in subsidiaries are disclosed in *Note 25* to the financial statements.

*Equity interests in associated companies*

Details of the percentage of ordinary shares held in associated companies are disclosed in *Note 12* to the financial statements.

### b) Key management personnel compensation

Details of key management personnel compensation are disclosed in *Note 18* and the audited Remuneration Report of the Directors' Report.

### c) Transactions with key management personnel

As disclosed in the Remuneration Report of the Directors' Report, the following transactions occurred with key management personnel or their personally related entities during the year ended 30 June 2009:

| Entity | Related Party | Value | Nature of Transaction |
|---|---|---|---|
| ASIS Pty Ltd | G J Bubner | $133,125 | Drafting and Geophysical Services |
| Titeline Property Pty Ltd | M K Ashton | $8,927 | Logistics Services |
| Titeline Drilling Pty Ltd | M K Ashton | $1,088,106 | Drilling Services |
| Barreta Pty Ltd | N W Gardner | $190,650 | Management Services |
| Remote Contracting Services Pty Ltd | N W Gardner | $242,765 | Equipment Hire and Civil works |
| MBB Trading Pty Ltd | M Billing | $96,520 | Management Services |
| Mackie Exploration Pty Ltd | A Mackie | $60,000 | Exploration Services |
| Vexorg Trading Pty Ltd | M Kitchen | $54,225 | Accounting/Secretarial Services |

### d) Transactions within wholly owned group

The ultimate parent entity in the wholly-owned group is Western Desert Resources Limited. During the financial year Western Desert Resources Limited provided accounting and administrative services at no cost to controlled entities and the advancement of interest free advances.

## 21 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

### a) Exploration Expenditure Commitments

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

| | **2009** | 2008 |
|---|---|---|
| | **$** | $ |
| Not later than one year: | **1,063,841** | 1,980,000 |
| Later than one year but not later than two years: | **1,173,841** | 1,980,000 |
| Later than two years but not later than five years: | **1,717,620** | 2,342,000 |

### b) Native Title

Native Title claims have been made with respect to tenements in the Northern Territory in which Western Desert Resources Limited has interests. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the company or its projects.

### c) Bank Guarantee

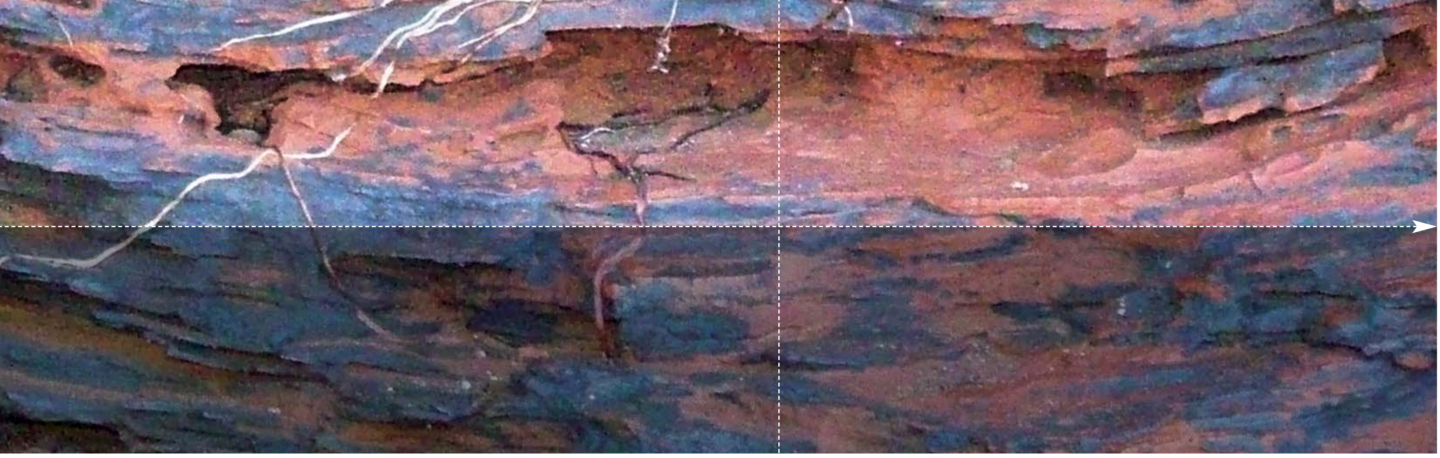
As at June 30 2009, the consolidated entity has given a bank guarantee of $15,840 (2008: $15,840) to Jones Lang LaSalle as a security bond in respect to its office premises.

### d) Operating Lease

Operating lease relates to the lease of office space with a remaining lease term of one year. The operating lease contains a market review clause in the event that the Group exercises the option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

***Non-cancellable operating lease commitments***

| | | Consolidated | | Company |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **$** | $ | **$** | $ |
| Not longer than 1 year | **84,450** | 72,960 | **84,450** | 72,960 |
| Longer than 1 year and not longer than 5 years | **7,038** | 72,960 | **7,038** | 72,960 |
| Longer than 5 years | **2** | - | **-** | - |
| | **91,488** | 145,920 | **91,488** | 145,920 |



## 22 FINANCIAL INSTRUMENTS

### a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

#### *i) Treasury Risk Management*

The board meets on a regular basis and analyses financial risk exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts. The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management is reviewed by the board on a regular basis and includes review of the group's cash flow requirements.

#### *ii) Financial Risk Exposures and Management*

The main risks the group is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk.

*Liquidity risk*

The group manages liquidity risk by monitoring forecast cash flows.

*Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balanced date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets as disclosed in the balance sheet and notes to the accounts.

There are no material amounts of collateral held as security at 30 June 2009.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

### b) Financial instruments

#### *i) Interest Rate Risk*

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The following table details the exposure to interest rate risk at the reporting date. All other financial assets and liabilities are non-interest bearing.

| 2009 | Floating Interest Rate | Non-Interest Bearing | Total | Floating Interest Rate |
|---|---|---|---|---|
| **Financial Assets:** | | | | |
| Cash and cash equivalents | 849,968 | 67,608 | 917,576 | 6.24% |
| Receivables | - | 338,016 | 338,016 | - |
| Less: Payables | - | (754,453) | (754,453) | - |
| Net Financial Assets | 849,968 | (348,829) | 501,139 | - |



## 22 FINANCIAL INSTRUMENTS ... continued

### b) Financial instruments

#### *i) Interest Rate Risk*

| 2008 | Floating Interest Rate | Non-Interest Bearing | Total | Floating Interest Rate |
|---|---|---|---|---|
| **Financial Assets:** | | | | |
| Cash and cash equivalents | 1,996,002 | - | 1,996,002 | 6.24% |
| Receivables | - | 218,499 | 218,499 | - |
| Less: Payables | - | (379,139) | (379,139) | - |
| Net Financial Assets | 1,996,002 | (160,640) | 1,835,362 | |

### c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies determined in *Note 3* to the financial statements.

### d) Sensitivity analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk.

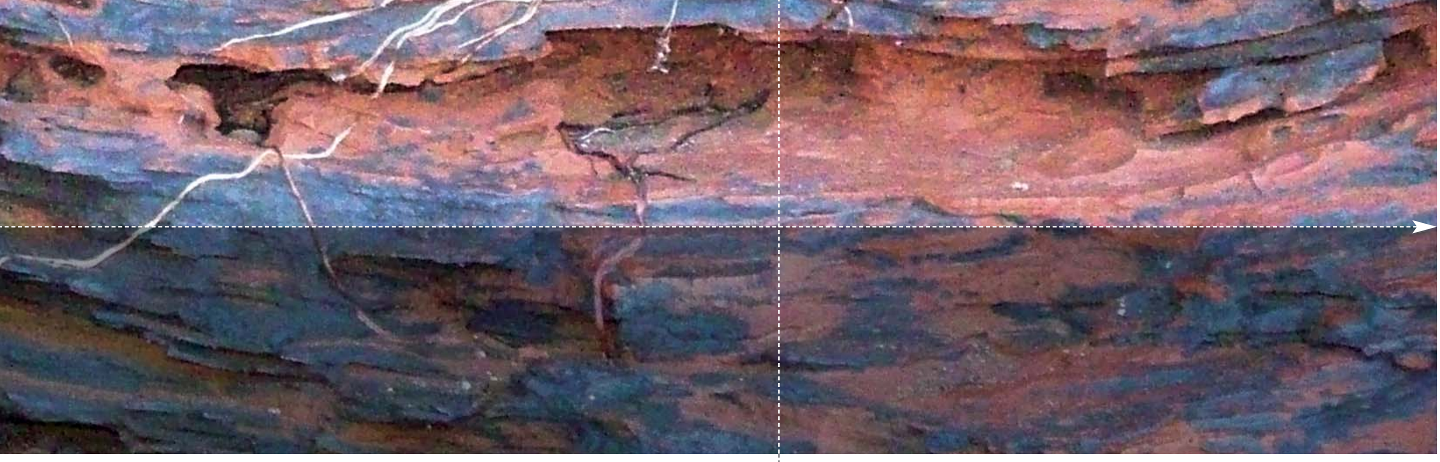
*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the company's net profit would increase/decrease by $5,676 and $5,676 respectively (2008 : $16,555).
This is mainly attributable to interest rates on bank deposits.

## 23 SEGMENT INFORMATION

The consolidated entity operates in the mineral exploration industry in Australia.



## 24 EARNINGS PER SHARE

| | Consolidated 2009 Cents per share | Consolidated 2008 Cents per share |
|---|---|---|
| Basic earnings per share – loss | **(8.38)** | (4.93) |
| Diluted earnings per share – loss | **(8.38)** | (4.93) |

**Basic and diluted earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

| | 2009 | 2008 |
|---|---|---|
| | **$** | **$** |
| ***Earnings*** | **(7,062,308)** | (3,229,820) |
| | **Number** | Number |
| ***Weighted average number of ordinary shares*** | **84,227,926** | 65,567,760 |

Earnings used in the calculation of basic and diluted earnings per share agree directly to net loss in the income statement.

The number of ordinary shares used in the calculation of diluted earnings pre share is the same as the number used in the calculation of basic earnings per share, as share options are not considered dilutive.

## 25 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

| | Consolidated 2009 $ | Consolidated 2008 $ | Company 2009 $ | Company 2008 $ |
|---|---|---|---|---|
| Shares in Subsidiaries | **-** | - | **420** | 430 |
| Share in Associate | **-** | - | **574,391** | 2,714,603 |
| Balance at 30 June 2009 | **-** | - | **574,811** | 2,715,033 |

**a) Shares in subsidiaries:**

| Name of Entity | | Country of Incorporation | Ownership Interest % 2009 | Ownership Interest % 2008 |
|---|---|---|---|---|
| **Parent Entity** | | | | |
| Western Desert Resources Limited | (i) | Australia | | |
| **Subsidiary** | | | | |
| Red Desert Uranium Pty Ltd | (ii) | Australia | **100%** | 100% |
| WDR Base Metals Pty Ltd | (ii) | Australia | **100%** | 100% |
| WDR Gold Pty Ltd | (ii) | Australia | **100%** | 100% |
| WDR Iron Ore Pty Ltd | (ii) | Australia | **100%** | - |
| WDRFE Pty Ltd | | Australia | **-** | 100% |

(i) *Head entity in tax consolidated group* (ii) *Members of tax consolidated group*



## 25 NON CURRENT ASSETS – OTHER FINANCIAL ASSETS ... continued

**b) Shares in Associate:**

**Movements in carrying amounts:**

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **$** | $ | **$** | $ |
| Carrying amount at the beginning of the financial year | **-** | - | **2,714,603** | 4,194,285 |
| Impairment recognised | **-** | - | **(2,140,212)** | (1,479,682) |
| Balance at 30 June 2009 | **-** | - | **574,391** | 2,715,603 |

## 26 ACQUISITION OF SUBSIDIARIES

During the year, the following entities became wholly owned subsidiaries of Western Desert Resources Limited.

| Name(s) of businesses acquired | Principal Activity | Date of Acquisition | Proportion of shares acquired | Cost of Acquisition |
|---|---|---|---|---|
| WDR Iron Ore Pty Ltd (i) | Exploration | 14 July 2008 | 100% | $10 |

## 27 SHARE OPTION PLAN

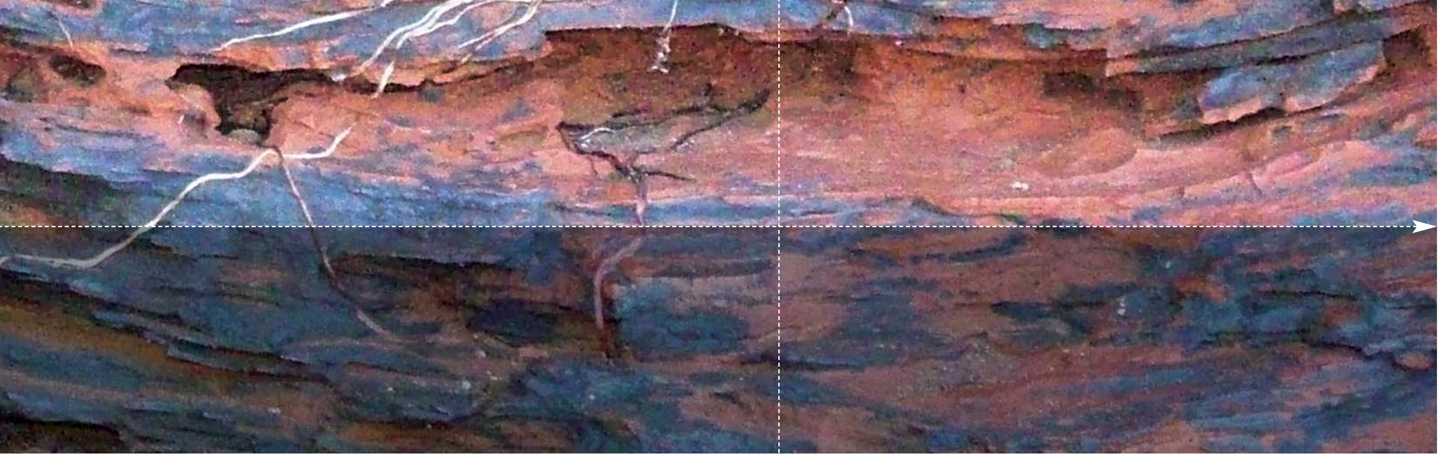
The consolidated entity has an ownership-based compensation plan for employees. In accordance with the provisions of the Employee Share Option Plan, as approved by shareholders, directors may issue options to purchase shares in the company to employees at an issue price determined by the market price of ordinary shares at the time the option is granted. No directors participate in the Employee Share Option Plan.

In accordance with the terms of the Employee Share Option Plan, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry.

Share options are not listed, carry no rights to dividends and no voting rights.

The following share based payment arrangements were in existence during the period:

| Options – Series | No. | Grant Date | Expiry Date | Exercise Price | Fair value at grant date |
|---|---|---|---|---|---|
| **Employee Share Option Plan** | | | | | |
| July 2007 | 1,500,000 | 23/07/2007 | 30/06/2009 | $0.25 | $0.1340 |
| February 2008 | 220,000 | 25/05/2008 | 30/06/2011 | $0.20 | $0.0970 |
| May 2008 | 20,000 | 06/05/2008 | 30/06/2011 | $0.20 | $0.0780 |
| September 2008 | 5,000,000 | 26/09/2008 | 30/11/2013 | $0.20 | $0.1469 |
| September 2008 | 1,650,000 | 26/09/2008 | 30/09/2011 | $0.18 | $0.1273 |
| March 2009 | 400,000 | 31/03/2009 | 30/09/2011 | $0.18 | $0.0448 |
| March 2009 | 100,000 | 31/03/2009 | 30/09/2011 | $0.18 | $0.0448 |
| April 2009 | 550,000 | 23/04/2009 | 23/04/2012 | $0.11 | $0.0873 |



## 27 SHARE OPTION PLAN ... continued

Options were valued using the Black-Scholes model using the following inputs:

| | Calculated volatility | Risk free interest rate |
|---|---|---|
| July 2007 | 69% | 6.33% |
| February 2008 | 117% | 5.6% |
| May 2008 | 117% | 5.6% |
| September 2008 | 128% | 5.43% |
| September 2008 | 128% | 5.43% |
| March 2009 | 178% | 4.075% |
| March 2009 | 178% | 4.075% |
| April 2009 | 175% | 4.11% |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The following reconciles the outstanding share options granted under the Plan at the beginning and end of the financial year:

| Share Option Plan | 2009 | | 2008 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price $ | Number of options | Weighted average exercise price $ |
| Balance at beginning of financial year | **1,740,000** | **$0.2430** | - | - |
| Granted during the financial year | **2,600,000** | **$0.1652** | 1,740,000 | $0.2430 |
| Exercised during the financial year (i) | - | - | - | - |
| Lapsed during the financial year | **(720,000)** | **$0.1800** | - | - |
| Balance at end of the financial year (ii) | **3,620,000** | **$0.1996** | 1,740,000 | $0.2430 |

(i) *Options exercised – No share options granted under the scheme were exercised during the financial year. No share options granted under the scheme were exercised during the previous financial year.*

(ii) *Options outstanding at end of the financial year.*

| Options – Series | No. | Grant Date | Expiry Date | Exercise Price |
|---|---|---|---|---|
| July 2007 | 1,500,000 | 23/07/2007 | 30/06/2010 | $0.25 |
| February 2008 | 220,000 | 25/02/2008 | 30/06/2011 | $0.20 |
| September 2008 | 950,000 | 25/09/2008 | 30/09/2011 | $0.18 |
| March 2009 | 400,000 | 31/03/2009 | 30/09/2011 | $0.18 |
| April 2009 | 550,000 | 27/04/2009 | 23/04/2012 | $0.11 |

## 28 SUBSEQUENT EVENTS

During July, 13,400,000 shares were issued as a result of a placement to sophisticated investors. Funds have been used as working capital.

On 31st August, 2009 the Company announced significant high grade assay results from the area F within the Roper Bar iron ore project of the Company and the ITOCHU subsidiary, IMEA Exploration and Development of Australia Pty Ltd (IEDA).

# Directors' Declaration

The directors declare that:

1. The financial statements and notes as set out on *pages 29 to 55* are in accordance with the *Corporations Act 2001* and;

   a) Comply with Accounting Standards; and

   b) Give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   a) The financial records of the company for the financial year have been properly maintained in accordance with S286 of the Corporations Act;

   b) The financial statements and notes for the financial year comply with the Accounting Standards; and

   c) The financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

M R Billing
Director

N W Gardner
Director

Adelaide, South Australia
30 September 2009

Level 1,
67 Greenhill Rd
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# INDEPENDENT AUDITOR'S REPORT to the Members of Western Desert Resources Ltd

**Report on the financial report**

We have audited the accompanying financial report of Western Desert Resources Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In *Note 1*, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

**Auditor's opinion**

In our opinion:

**a)** the financial report of Western Desert Resources Limited is in accordance with the *Corporations Act 2001*, including:

- **i** giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- **ii** complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

**b)** the financial report also complies with International Financial Reporting Standards as disclosed in *Note 1*.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in *pages 23 to 26* of the director's report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion**

In our opinion the Remuneration Report of Western Desert Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporation Act 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J GRAY
Partner

Signed at Wayville on this 30th day of September 2009

# ASX ADDITIONAL INFORMATION

As at 30 September 2009 the Company had issued the following securities:

| | Fully Paid Ordinary Shares | Options | Option Exercise Price | Option Expiry |
|---|---|---|---|---|
| Quoted Securities | 103,627,088 | 2,374,257 | $0.18 | 30/11/2011 |
| Unquoted Securities: | | | | |
| Unlisted options | | 1,500,000 | $0.25 | 30/06/2011 |
| Unlisted options | | 5,250,000 | $0.25 | 30/06/2010 |
| Unlisted Employee options | | 220,000 | $0.20 | 30/06/2011 |
| Unlisted Employee options | | 1,250,000 | $0.18 | 30/09/2011 |
| Unlisted options | | 100,000 | $0.18 | 30/09/2011 |
| Unlisted Director options | | 5,000,000 | $0.20 | 30/11/2013 |
| Unlisted Employee options | | 550,000 | $0.11 | 23/04/2012 |
| **Total all Securities** | **103,627,088** | **16,244,257** | | |

### Distribution of Shareholders

| Range | Fully Paid Ordinary Shares No. Holders | Options No. Holders |
|---|---|---|
| 1-1,000 | 858 | 164 |
| 1,001-5,000 | 515 | 110 |
| 5,001-10,000 | 359 | 25 |
| 10,001-100,000 | 1005 | 47 |
| 100,001 - over | 142 | 29 |
| **Total** | **2,879** | **375** |

The number of holders holding less than a marketable parcel of ordinary shares was 912.

### Voting Rights of Securities

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there is only one class of Shares), at meetings of the Shareholders of Western Desert Resources:

**a)** each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

**b)** on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of the Shareholder has one vote; and

**c)** on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect to each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect to partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

Options do not carry voting rights.

### Substantial Shareholders

As at 30 September 2009 the substantial holders lodged with the company.

| Beneficial Owner | Number of Shares | % of Ordinary Shares Held |
|---|---|---|
| N W Gardner | 4,554,703 | 4.40% |
| M K Ashton | 11,755,366 | 11.34% |

# ASX ADDITIONAL INFORMATION

## Twenty largest holders of ordinary shares as at 30 September 2009

| Name | Number of shares held | Percentage of issued shares held |
|---|---|---|
| Greenstone Property Pty Ltd | 7,500,000 | 7.24% |
| Genesis Resources Limited | 3,783,063 | 3.65% |
| Mr G J Bubner | 3,229,881 | 3.12% |
| Mick Ashton Nominees Pty Ltd | 2,911,891 | 2.81% |
| Wansbone Nominees Pty Ltd | 1,900,000 | 1.83% |
| Mr Brent Gardner | 1,599,101 | 1.54% |
| Mr D J and Mrs A J Cloke <The Cloke Retirement Fund> | 1,536,354 | 1.48% |
| Gardner Superannuation Nominees Pty Ltd | 1,500,000 | 1.45% |
| Barreta Pty Ltd | 1,399,892 | 1.35% |
| Zero Nominees Pty Ltd | 1,125,089 | 1.09% |
| Mr M R and Mrs B Billing <Lapun Kamap Super Fund> | 1,042,000 | 1.01% |
| National Nominees Limited | 1,021,799 | 0.99% |
| Mr J G Evans and Ms S C Fewster <Jeff Evans Super Fund> | 998,000 | 0.96% |
| Mr Thomas Finlay | 916,473 | 0.88% |
| Gardner Super Pty Ltd | 837,571 | 0.81% |
| Mrs R Bartsch <Bartsch Super Fund A/c> | 820,000 | 0.79% |
| K J & J A Faulkner <Faulkner S/F A/C> | 650,000 | 0.63% |
| Trims Superannuation Fund Pty Ltd | 650,000 | 0.63% |
| R.L & F E Brooks | 638,745 | 0.62% |
| Titeline Property Pty Ltd | 608,249 | 0.59% |
| **TOTAL** | **34,668,108** | **33.47%** |

## Twenty largest holders of listed options as at 30 September 2009

| Name | Number of options held | Percentage of issued options held |
|---|---|---|
| Mr G J Bubner | 249,760 | 10.52% |
| Mick Ashton Nominees Pty Ltd <Mick Ashton Super Fund> | 242,657 | 10.22% |
| Mr Brent Gardner | 133,258 | 5.61% |
| D J & A J Cloke<The Cloke Retirement Fund> | 126,363 | 5.32% |
| Gardner Superannuation Nominees Pty Ltd | 125,000 | 5.26% |
| Barreta Pty Ltd | 116,658 | 4.91% |
| Dash Corp Pty Ltd<Legs 11 A/C> | 110,062 | 4.64% |
| Gardner Super Pty Ltd<Gardner Super A/C> | 83,976 | 3.54% |
| ANZ Nominees Limited | 52,124 | 2.20% |
| Titeline Property Pty Ltd | 50,687 | 2.13% |
| Mr M A and Mrs J Manning <Manning Family S/F A/c> | 50,000 | 2.11% |
| Mr M A and Mrs J Manning <Manning Family S/F A/c> | 45,000 | 1.90% |
| Mr David Miles Barrett | 39,000 | 1.64% |
| J R McEwen Pty Ltd | 37,500 | 1.58% |
| Titeline Property Pty Ltd<Titeline Property A/C> | 33,500 | 1.41% |
| Mr G A & K J Woodham | 33,500 | 1.41% |
| Contemporary Accounting Services Pty Ltd | 31,524 | 1.33% |
| Baretta Pty.Limited | 28,333 | 1.19% |
| Ziba Pty Ltd<Michael Manning No 1 A/C> | 27,600 | 1.16% |
| Mr Brent Gardner | 27,500 | 1.16% |
| **TOTAL** | **1,644,002** | **69.24%** |

## Stock Exchange Listing

Western Desert Resources Limited shares and listed options are listed on the Australian Stock Exchange. The company's ASX code is WDR.

# CORPORATE DIRECTORY

WesternDesert
RESOURCES
ABN 48 122 301 848

**Office Holders**
Michael Robert Billing (Non-Executive Chairman)
Norman Wayne Gardner (Managing Director)
Graham John Bubner (Non-Executive Director)
David John Cloke (Non-Executive Director)
Michael Kevin Ashton (Non-Executive Director)
Laurie Ackroyd (Chief Financial Officer/Company Secretary)

**Registered Office**
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email: info@westerndesertresources.com.au
web: www.westerndesertresources.com.au

**Share Registrar**
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
(GPO Box 1903 ADELAIDE SA 5001)
Tel: 1300 85 05 05

**Auditor**
Grant Thornton
South Australian Partnership
Level 1, 67 Greenhill Road
WAYVILLE SA 5034

**Solicitors to the Company**
Watsons Lawyers
Ground Floor
60, Hindmarsh Square
Adelaide SA 5000

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