

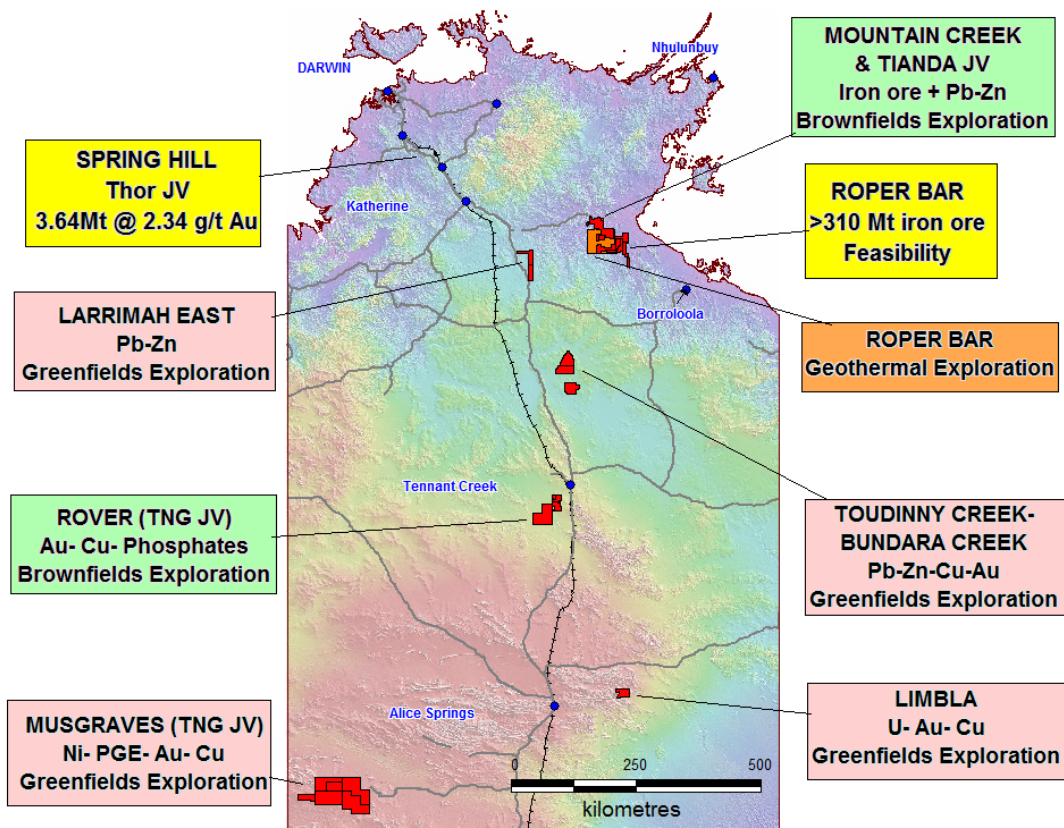
QUARTERLY REPORT -JULY TO SEPTEMBER 2011

HIGHLIGHTS

- **Corporate**
 - Completion of first stage (25%) sale of Spring Hill gold deposit sale to Thor Mining PLC
- **Roper Bar Iron Ore Project**
 - 17,300m resource definition and exploration drilling completed
 - Metallurgical testwork continues
 - Project development studies continue
- **Mountain Creek Iron Ore Project**
 - Completed airborne gravity survey
 - Excellent results from surface sampling, up to 64.1% Fe

OUTLOOK FOR SEPTEMBER QUARTER

- **Roper Bar Iron Ore Project**
 - Continue project development studies
 - Commence update of JORC resources
 - Continue with metallurgical testwork and plant optimisation
 - Marine survey
- **Mountain Creek Iron Ore Project**
 - Commence drilling on Tianda JV
 - Detailed geological mapping
- **Rover Project**
 - Interpret geophysical data and target Rover-style gold deposits



Project Summary



**IRON ORE
PROJECTS**

ROPER BAR IRON ORE PROJECT (WDR 100%)

The project consists of six granted exploration licences (EL24307, EL24655, EL24944, EL25672, EL26759 and EL26992) which are located about 240km east of Mataranka in the Gulf Country of the Northern Territory. JORC-standard resources have been estimated from about one-third of the outcropping hematitic iron formations within the Sherwin Ironstone Formation (Figure 1). The JORC resource currently stands at more than 310Mt, including 14.5Mt of high grade direct shipping ore (DSO).

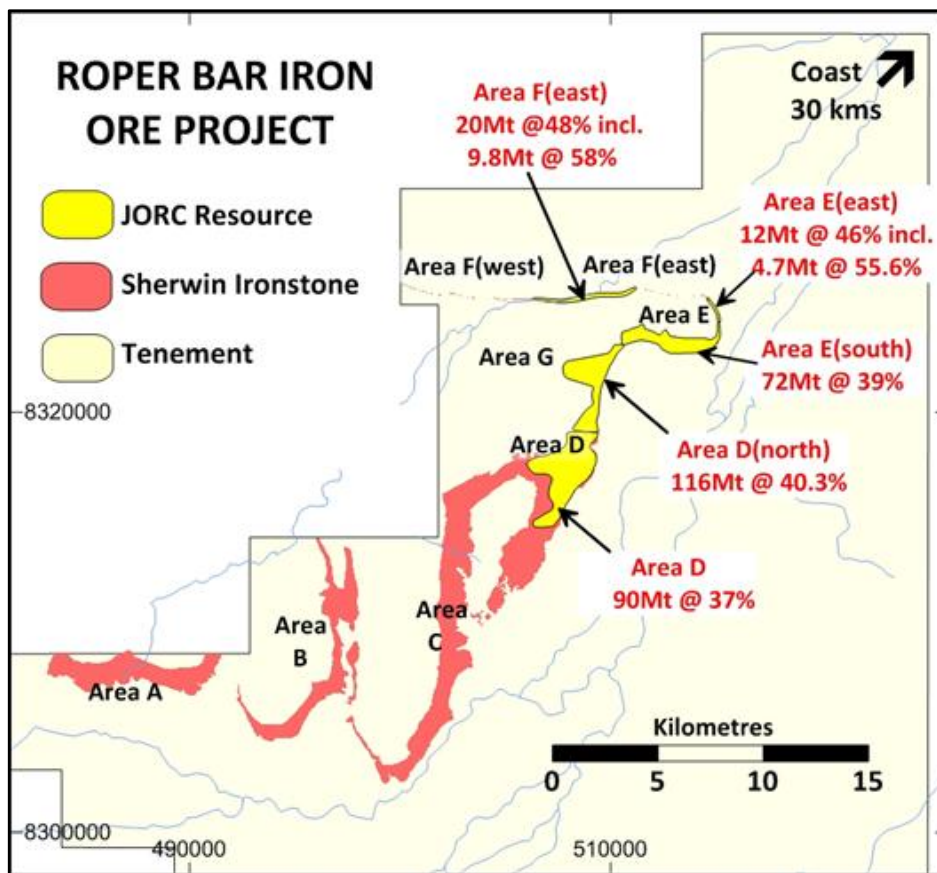


Figure 1: Roper Bar Project Summary

Drilling reached full production during the quarter, with two drilling rigs on site. One rig was deployed on extensional exploration targets at Area F-West and Area B, while the second rig was deployed on resource delineation at Areas F-East and E-East. By the end of the quarter, 322 RC holes had been drilled for 17,300m. Results will be reported during the following quarter and the first of a series of JORC resource upgrades are scheduled to be completed by the end of the year. Upgrades have been carried out to site roads and airstip facilities, which will allow Resource definition drilling to continue into part of the wet season.

Metallurgical testwork is well underway with encouraging indications from samples collected last quarter. Testwork is focussing on two items:

- Upgrading low and moderate grade material at F-East to complement the existing high grade direct shipping ore. Gravity and magnetic separation tests are being optimised, building on previous testwork on similar material in 2009-2010;
- Upgrading moderate grade composite samples from E-South, using magnetic and flotation methods. This testwork will determine the best way to treat the non-DSO components of the vast resources already identified.

Results of the metallurgical testwork will be available and reported during the next two quarters.

The ongoing process of producing an Environmental Impact Statement and community consultation has progressed very well during the quarter. WDR employed a full time community and indigenous liaison officer to interface with the community and are anticipating having an Indigenous Land Use Agreement signed by the end of the year. Drilling of environmental monitoring bores also commenced, and will continue next quarter.

Further technical studies have progressed the project towards a feasible operation during the quarter, including mining, infrastructure, geotechnical and hydrogeological analysis. These studies will continue next quarter.

MOUNTAIN CREEK IRON ORE PROSPECT (WDR 100% and WDR earning 70% in Tianda JV)

The Mountain Creek Project is a large area of exploration tenure immediately adjacent to the Roper Bar Iron Ore Project (Figure 2). It consists of EL27143 (100% WDR) and EL25688 (WDR earning 70% in joint venture with Tianda Resources).

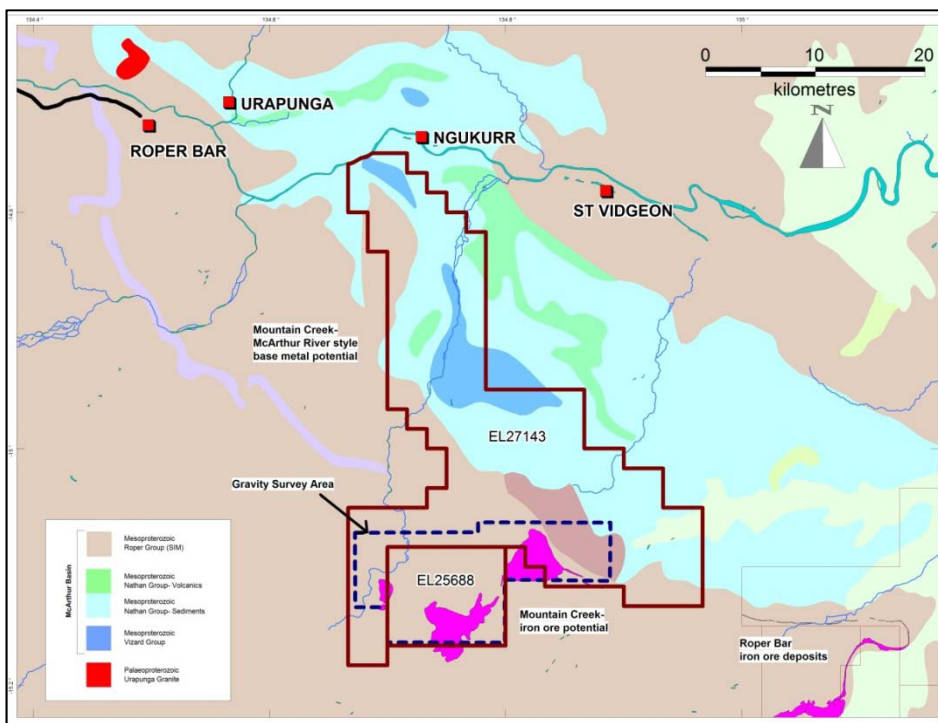


Figure 2: Mountain Creek Project Summary

Results from field mapping in the Tianda JV tenement during the Quarter were particularly encouraging, with assay results up to 64.1% Fe returned from reconnaissance exploration on EL25688. The assay results have been used to identify drill targets for high grade direct shipping ore. Access track construction to these targets has commenced and drilling is scheduled to begin in the following quarter.

An aerial gravity survey over the southern portions of the project was completed. The survey has identified a number of iron ore targets under cover where mapping is ineffective and reconnaissance drilling will be planned to test the strongest anomalies.

Future work on the Mountain Creek Project will ramp up next quarter, taking advantage of the dry season accessibility. Over 200 RC holes are planned to be drilled and detailed geological prospect scale mapping over iron ore and base metal targets is scheduled.



GOLD PROJECTS

SPRING HILL DEPOSIT (WDR progressively divesting to retain 20%)

The final condition precedents for the divestment of the initial 25% interest in the Spring Hill project to Thor Mining PLC were met during the quarter and the acquisition completed in return for the issue to WDR of 40 million ordinary shares in Thor, plus \$250,000 cash payment. Under the staged agreement, Thor has the right to earn up to 80% interest in project via total expenditure of \$4.5 million.

At the end of the quarter Thor announced the commencement of a diamond drilling program to confirm and extend the existing known mineralisation where the existing resource was left open by historical drilling.

ROVER PROJECT (WDR earning up to 80% from TNG and WDR 100%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

Ground gravity data has been collected and interpretation is underway. A number of preliminary high priority targets have already been identified. Interpretation of the EM survey completed last quarter is awaited.

Work on the Rover Project during the next quarter will focus on modelling and selecting the best of the combined gravity-EM-structural targets in which to drill. The necessary approvals will be sought in readiness for drilling.

MUSGRAVES PROJECT (WDR earning up to 80% from TNG and WDR 100%)

The Musgraves Project consists of six exploration licence applications covering almost 5,700 km² on Aboriginal Freehold land which is practically unexplored, yet highly prospective ground for gold, base metals, rare earths and nickel sulphides. Negotiations are continuing with the Central Land Council for an Exploration Agreement.



BASE METAL PROJECTS

TOUDINNY CREEK - BUNDARA CREEK AND LARRIMAH EAST PROJECTS (WDR 100%)

The Toudinny Creek- Bundara Creek project comprises EL27458, EL27459 and EL27475 which are located to the east of Elliot in the Northern Territory. The Larrimah East project comprises EL27472 and EL27473, located in the Dunmarra Basin east of Larrimah, near the Stuart Highway and Darwin to Adelaide Railway. The primary target is base metals in Proterozoic or Cambrian age rocks.

As previously reported, drilling targets have been identified at both areas, however there was no activity during the current quarter.

LIMBLA PROJECT (WDR 100%)

The Limbla Project consists of one granted exploration licence, EL25402, which is prospective primarily for uranium, but also for copper-gold.

A detailed structural analysis has been undertaken which has identified favourable sites for mineralisation. A soil sampling survey over these sites will be undertaken in combination with geological mapping during the next quarter.



GEOHERMAL PROJECTS

ROPER BAR (WDR 100%)

Desktop studies into the geothermal potential of the Roper Bar tenure (GEP 27829) have commenced. Hot Dry Rocks Pty Ltd (HDR) have been engaged to do a scoping study, which will collate and interrogate existing open file data from historical petroleum exploration and collect new borehole temperature and rock property data to understand the prospectivity for geothermal energy within the lease.

CORPORATE AND FINANCE

Capital Raising:

No activity during the quarter

Cash Position:

At the end of the quarter cash reserves stood at \$9.94 million.

Shares on issue:

There were 207,049,414 ordinary shares on issue at 30th September 2011.

Options:

There are 1,157,995 listed options outstanding at 30th September, 2011 exercisable by 30th November 2011 at \$0.129567 per option.

There are a total of 32,650,000 unlisted options outstanding at 30th September 2011.

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

The information in this report that relates to Exploration Results is based on information compiled by Graham Bubner who is a Member of the Australian Institute of Geoscientists. Mr Bubner is a full-time employee of Western Desert Resources Ltd and has sufficient experience relevant to the styles of mineralisation under consideration and to the subject matter of the report to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). Mr Bubner consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

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