

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

WESTERN DESERT RESOURCES LIMITED

ABN

48 122 301 848

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for (a) exploration & evaluation	(4,497)	(6,814)
(b) development	0	0
(c) production	0	0
(d) administration	(583)	(978)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	116	354
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	0	0
1.7 Reimbursement by joint venturer of exploration expenditure	0	0
Net Operating Cash Flows	(4,966)	(7,442)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(25)	(25)
(b) equity investments	0	(150)
(c) other fixed assets	(483)	(632)
1.9 Proceeds from sale of: (a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other – Environmental performance bonds	16	(59)
Net investing cash flows	(492)	(866)
1.13 Total operating and investing cash flows (carried forward)	(5,458)	(8,308)

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1.13	Total operating and investing cash flows (brought forward)	(5,458)	(8,308)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	6,137	6,137
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	(10)	(20)
1.18	Dividends paid	0	0
1.19	Other (provide details if material)	0	0
Net financing cash flows		6,127	6,117
Net increase (decrease) in cash held		669	(2,191)
1.20	Cash at beginning of quarter/year to date	3,505	6,365
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	4,174	4,174

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1,112
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Amount of \$1,111,734 at 1.23 comprises directors fees – M K Ashton (12,263), G J Bubner (\$12,263), D J Cloke (\$12,262), P C Lockyer (12,262) and Managing Director Remuneration to N W Gardner (74,150). In addition consulting fees and expenses were paid to a related corporation of director G J Bubner (\$66,058). A related party of N W Gardner was paid \$467,931 during the quarter for earthworks and construction contracting. A related party of M K Ashton was paid \$454,545 in part payment of a drill-rig.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	250	96

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3.2	Credit standby arrangements	0	0
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,470
4.2	Development	0
4.3	Production	0
4.4	Administration	600
Total		2,070

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	4,174	4
5.2	Deposits at call	0	3,501
5.3	Bank overdraft	0	0
5.4	Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)		4,174	3,505

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL25338 Burt Plain – Joint Venturer achieved expenditure milestone	100%	49%
6.2	Interests in mining tenements acquired or increased			

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Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	154,684,108	154,684,108	N/A	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,170,000	20,170,000	32	Fully Paid
7.5 *Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price in cents</i>	<i>Expiry date</i>
Options C*	300,000	0	14.215	30/9/2011
Options D* ("WDRO")	1,462,950	1,462,950	14.215	30/11/2011
Options E*	4,000,000	0	16.215	30/11/2013
Options F*	100,000	0	14.215	30/9/2011
Options G*	500,000	0	7.215	23/4/2012
Options H*	900,000	0	60.000	31/12/2012
Option I*	400,000	0	18.000	30/11/2011
Option J*	13,000,000	0	38.000	29/11/2013
7.8 Issued during quarter	13,000,000	0	38.000	29/11/2013
7.9 Exercised during quarter Options D*	2,452	2,452	14.215	30/11/2011
7.10 Expired during quarter Options H*	400,000	0	60.000	31/12/2012
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Options C * - Options issued pursuant to the WDR Employee Options Scheme.

Options D * - Listed options issued pursuant to Rights Issue.

Options E * - Director's options.

Options F * - Options issued for services rendered.

Options G * - Options issued pursuant to the WDR Employee Options Scheme.

Options H * - Options issued pursuant to the WDR Employee Options Scheme.

Options I * - Options issued for services rendered.

Options J * - Director's options.

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Compliance statement

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



Sign here: Date: 27/1/2011
(Company secretary)

Print name: Laurie Ackroyd

Notes

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

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