

**Western Desert Resources, a diversified resources business with a portfolio of quality mineral exploration assets in the Northern Territory.**

Western Desert Resources' business is built on the exploration of its substantial portfolio of iron ore, gold, base metals and uranium projects in the world-class mining provinces of Australia and will continue to grow through the generation and acquisition of new opportunities and resources.

#### FAST FACTS

ASX Code	WDR
Issued Shares	219m
Market Cap	A\$176m

#### DIRECTORS

Rick Allert	Chairman
Norm Gardner	MD
Mick Ashton	Director
Graham Bubner	Director
David Cloke	Director
Phillip Lockyer	Director
Scott Perrin	Director

#### COMPANY HIGHLIGHTS

##### Iron Ore

- Roper Bar & Mountain Creek projects (NT)
- Hematitic iron ore
- Total Inferred, Indicated & Measured Mineral Resource estimates of 402Mt @ 40% Fe including DSO grade of 32.1Mt @ 56.8% Fe
- Low Impurities
- Mine development underway
- Proximity to coast and markets

##### Gold / Copper

- East Rover Project near Tennant Creek (NT)

#### CONTACT DETAILS

Level 1, 26 Greenhill Rd  
 WAYVILLE, SA, 5034  
 T: +61 8 8177 8800  
 info@westerndesertresources.com.au

## WDR CONFIRMS DETAILS OF ENTITLEMENT OFFER TO RAISE APPROXIMATELY A\$15 MILLION

#### Key Points:

- Non-renounceable entitlement offer to existing shareholders to raise approximately A\$15 million.
- Entitlement Offer closes 5.00pm (Sydney time) on 16 August 2012.

#### ENTITLEMENT OFFER:

Western Desert Resources Limited (**ASX Code: WDR**) (*WDR*) is pleased to release the final details of an underwritten one (1) for ten (10) pro rata non-renounceable entitlement offer at an issue price of A\$0.70 per new WDR share (**Entitlement Offer**). The Entitlement Offer is being made to registered holders of WDR shares at 7.00pm (Adelaide time) on 17 July 2012 (**Record Date**) other than those shares allotted pursuant to a Placement of 16 million shares announced by WDR on 26 June 2012 and those WDR shareholders with registered addresses in countries outside of Australia and New Zealand. The Entitlement Offer is expected to close at 5pm (Sydney time) on 16 August 2012.

The issue price represents a discount of:

- 21.3% to the closing market price of WDR's shares on 21 June 2012 (being the last trading day prior to the preliminary announcement of the Entitlement Offer on 26 June 2012) of A\$0.89 per share; and
- 27.3% to the volume weighted average market price of WDR's shares for the 5 trading days up to close of trade on 21 June 2012 of A\$0.963 per share.

The Entitlement Offer is expected to raise approximately A\$15 million (before costs and expenses) if all entitlements are taken up (based on WDR's current undiluted share capital without taking into account the impact of rounding or any new shares issued as a result of options exercised before the Record Date).

The proceeds from the Entitlement Offer will contribute towards the construction of WDR's Roper Bar iron ore project in the Northern Territory and associated infrastructure as well as working capital necessary to commence mining operations.

The Entitlement Offer will be conducted in accordance with section 708AA of the *Corporations Act 2001* (Cth) (the **Corporations Act**) without the lodgment of a prospectus or other disclosure document. WDR shares issued under the Entitlement Offer will be fully paid and will rank equally in all respects with WDR's existing shares on issue.

Underwriting arrangements have been entered into between WDR, Ord Minnett Limited, Permat Holdings Pty Ltd (being the major shareholder of WDR) and two Directors, Norman Gardner and Michael Ashton, to fully underwrite the Entitlement Offer.

Full details of the Entitlement Offer (including a summary of the underwriting arrangements) are set out in the Offer Booklet lodged with ASX today. The Appendix 3B for the Entitlement Offer was lodged with ASX on 26 June 2012.

The timetable for the Entitlement Offer is set out in the Annexure.

Holders of existing options to subscribe for WDR shares have been given notice of their right to exercise their options in order to be eligible to participate in the Entitlement Offer in respect of the shares underlying their options. To the extent that options are not exercised prior to the Record Date, the exercise price of any remaining options will be adjusted in accordance with the terms and conditions of the options.

The ordinary shares issued to certain sophisticated or professional investors pursuant to the placement announced by WDR to ASX on 26 June 2012 will not be entitled to participate in the Entitlement Offer.

Shareholders with queries regarding the Entitlement Offer should contact Computershare Investor Services Pty Ltd on 1300 651 474 (within Australia) or +61 3 9415 412 (outside Australia), or the Company Secretary, Laurie Ackroyd, on +61 88177 8800.

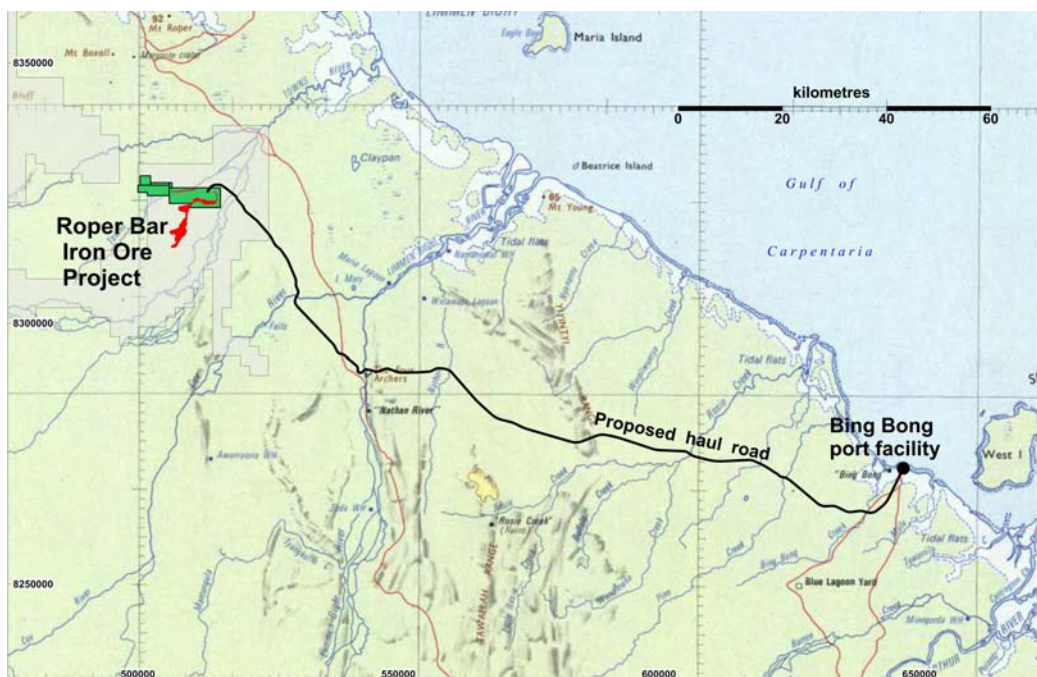


Figure 1. Map showing Roper Bar Iron Ore Project area and haul road to port facility

**ANNEXURE**

**Entitlement Offer Timetable:**

<b>Key Date <sup>(1)</sup></b>	<b>Date</b>
Announcement of proposal to undertake Entitlement Offer Lodgment of Appendix 3B with ASX	26 June 2012
Offer Booklet for Entitlement Offer released to ASX Letter sent to WDR optionholders notifying them of the Entitlement Offer	9 July 2012
Letters sent to eligible WDR shareholders notifying them of the Entitlement Offer Letters sent to ineligible WDR shareholders notifying them of their ineligibility to participate in the Entitlement Offer	10 July 2012
Record Date for the Entitlement Offer <sup>(2)</sup>	7pm (Adelaide time) on 17 July 2012
Opening Date for the Entitlement Offer and Offer Materials sent to eligible shareholders	23 July 2012
Closing Date for the Entitlement Offer	5pm (Sydney time) on 16 August 2012
New Shares issued under the Entitlement Offer expected to commence quotation on ASX on a deferred settlement basis	17 August 2012
Entitlement Offer shortfall date	21 August 2012
Allotment of New Shares under the Entitlement Offer	24 August 2012
New Shares issued under the Entitlement Offer expected to commence quotation on ASX on a normal T+3 basis	27 August 2012
Settlement Date for shortfall shares under Entitlement Offer	Not later than 24 December 2012
Allotment Date for shortfall shares under Entitlement Offer	The business day immediately following the settlement date for shortfall shares under the Entitlement Offer

(1) *This timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth). WDR reserves the right to change these dates without prior notice.*

(2) *Ordinary shares issued pursuant to the placement announced by WDR to ASX on 26 June 2012 will not be eligible to participate in the Entitlement Offer.*

## Background

The Roper Bar Iron Ore Province covers about 1,900 km<sup>2</sup> within eight granted exploration licenses in the Northern Territory and includes an estimated 100 km<sup>2</sup> of outcrop of the target Sherwin Formation which hosts extensive hematite iron ore horizons. The Province is divided into two project areas – Roper Bar and Mountain Creek.

### JORC Mineral Resource Estimates from WDR's Roper Bar Project (30% Fe cut-off)

DEPOSIT AREA	Classification	Mt	Fe %	SiO <sub>2</sub> %	P %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	Published
Area D	Inferred	90.7	37.2	31.5	0.008	3.2	9.6	Oct-09
Area D (north)	Inferred	116.5	40.3	26.3	0.002	2.2	11.0	Feb-11
Area E (south)	Inferred	17.5	36.1	30.8	0.003	2.4	12.4	Jun-12
Area E (south)	Indicated	75.8	38.7	29.9	0.005	2.6	9.9	Jun-12
Area E (east)**	Inferred	27.6	41.0	26.3	0.004	1.8	10.2	Jun-12
Area E (east)**	Indicated	15.6	41.2	26.3	0.004	1.9	10.0	Jun-12
Area E (east)**	Measured	28.3	42.2	26.4	0.004	2.0	8.9	Jun-12
Area F *	Inferred	5.5	46.6	22.7	0.006	2.7	6.1	Feb-12
Area F *	Indicated	24.6	49.3	22.0	0.006	3.2	2.6	Feb-12
<b>TOTAL</b>		<b>402</b>	<b>40.0</b>	<b>28.0</b>	<b>0.005</b>	<b>2.5</b>	<b>9.7</b>	

\* Includes DSO grade of 15.5Mt @ 59.5% Fe, 9.6% SiO<sub>2</sub>, 2.2% Al<sub>2</sub>O<sub>3</sub>, 0.01% P and 2.1% LOI

\*\* Includes DSO grade of 16.6Mt @ 54.2% Fe, 15.9% SiO<sub>2</sub>, 1.2% Al<sub>2</sub>O<sub>3</sub>, 0.01% P and 4.0% LOI

## Competent Person's Statements

The information in this report that relates to Mineral Resources 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.

## Disclaimer and forward looking statements

This ASX announcement does not constitute an offer of shares for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933 (as amended) (the "Securities Act") ("U.S. Person"), or in any other jurisdiction in which such an offer would be illegal. The new shares and options have not been registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Where this ASX announcement contains "forward-looking statements", these statements are based on information and assumptions and involve expectations or beliefs as to future events or results as understood at the date of this press release. All forward-looking statements are represented in good faith and have a reasonable basis at the time that they are made. However, such statements are subject to various risks and uncertainties, many of which are beyond the control of WDR, which could cause actual results to differ materially from those represented by the forward-looking statements. Forward-looking statements in this press release speak only at the date of this ASX announcement. Subject to any continuing obligations under applicable law or the ASX Listing Rules, WDR does not in providing this information undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.

**WESTERN DESERT RESOURCES LIMITED**

**ACN 122 301 848**

**RETAIL ENTITLEMENT OFFER**

**1 for 10 Entitlement Offer of approximately 21.9 million New Shares  
at an Offer Price of \$0.70 per New Share**

**CLOSING DATE: 5.00pm (Sydney time) on 16 August 2012**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE AN ELIGIBLE SHAREHOLDER YOU SHOULD READ THIS OFFER BOOKLET IN ITS ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT THE OFFER OF NEW SHARES AND ADDITIONAL NEW SHARES IN WDR. YOUR ENTITLEMENT MAY HAVE VALUE AND YOU SHOULD THEREFORE CONSIDER WHETHER TO TAKE UP YOUR ENTITLEMENT RATHER THAN ALLOW IT TO LAPSE.**

**IF YOU DO NOT UNDERSTAND ANY PART OF THIS OFFER BOOKLET, OR ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT OR YOUR ENTITLEMENT, YOU SHOULD CONSULT YOUR ACCOUNTANT, FINANCIAL OR OTHER PROFESSIONAL ADVISER.**

## Important Information

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### Forward-looking statements

This Offer Booklet contains forward-looking statements that are based on information and assumptions and involve expectations or beliefs as to future events or results as at the date of this Offer Booklet. All forward-looking statements are represented in good faith and have a reasonable basis at the time at which they are made. However, such statements are subject to various risks and uncertainties, many of which are beyond the control of WDR, which could cause actual results to differ materially from those represented by the forward-looking statements. Forward-looking statements in this Offer Booklet speak only at the date of this Offer Booklet. Subject to any continuing obligations under applicable law or the Listing Rules, WDR does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Any representation in this Offer Booklet should not be relied upon as to its accuracy or completeness nor as a recommendation or forecast by WDR. WDR advises that independent advice be sought before making any binding decision in connection with the Entitlement Offer in this Offer Booklet.

### Australia and New Zealand

This Offer Booklet contains an Entitlement Offer of New Shares to Eligible Shareholders in Australia or New Zealand. The Entitlement Offer is not being extended to any Shareholder outside Australia and New Zealand. The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

### United States

The New Shares to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **Securities Act**), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to which this Offer Booklet relates may only be offered or sold, directly or indirectly, outside the United States in "offshore transactions" (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

### Defined words and expressions

Some words and expressions used in this Offer Booklet have defined meanings, which are explained in Section 0, as are certain rules of interpretation, that apply to this Offer Booklet.

A reference to time in this Offer Booklet is to Sydney time, unless otherwise stated. All financial amounts in this Offer Booklet are expressed in Australian currency, unless otherwise stated.

### No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw your Acceptance once it has been accepted.

### Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not contained in this Offer Booklet may not be relied on as having been authorised by WDR in connection with the Entitlement Offer. Except as required by law,

and only to the extent so required, none of WDR, or any other person, warrants or guarantees the future performance of WDR or any return on any investment made pursuant to the Entitlement Offer.

**Not financial product advice**

The Offer Booklet is not financial product advice, does not purport to contain all the information that you may require in evaluating a possible acquisition of New Shares, and has been prepared without taking into account your investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information, you have any questions about the Entitlement Offer, you should contact your financial adviser, accountant or other professional adviser.

For further information regarding the Entitlement Offer, please contact WDR's Share Registry on 1300 651 474 (within Australia) or +61 3 9415 4127 (outside Australia).

## Chairman's Letter

23 July 2012

Dear Shareholder,

On behalf of the Directors, I am pleased to offer Eligible Shareholders the opportunity to participate in a pro rata non-renounceable entitlement offer of up to 21,881,920 New Shares (subject to rounding) to raise approximately \$15 million (before costs and expenses).

The Entitlement Offer gives an Eligible Shareholder the right to take up one New Share for every 10 Shares held by that Eligible Shareholder as at 7.00pm (Adelaide time) on Tuesday, 17 July 2012 at an Offer Price of \$0.70 per New Share.

The Entitlement Offer provides you with an opportunity to increase your investment in WDR at an attractive price. The Offer Price of \$0.70 per New Share represents a discount of:

21.3% to the closing market price of WDR's Shares on 21 June 2012 (being the last trading day prior to the preliminary announcement of the Entitlement Offer on 26 June 2012) of \$0.89 per Share; and

27.3% to the volume weighted average market price of WDR's Shares for the 5 trading days up to close of trade on 21 June 2012 of \$0.963 per Share.

The Entitlement Offer will be conducted without a prospectus in accordance with Section 708AA of the Corporations Act.

Underwriting arrangements have been entered into between WDR, Ord Minnett, Permat and two Directors, Norm Gardner and Michael Ashton, under which the Entitlement Offer is fully underwritten.

After payment of the costs and expenses of the Entitlement Offer, the proceeds from the Entitlement Offer will be applied towards the construction of the Roper Bar iron ore project and associated infrastructure as well as providing working capital to commence mining operations.

The Directors are pleased to offer Eligible Shareholders the opportunity to participate in this capital raising, and recommend the Entitlement Offer to you as an opportunity to participate further in the company's future.

You are encouraged to read this Offer Booklet and the accompanying Entitlement and Acceptance Form in detail. If you have any queries about the Entitlement Offer, you should consult your stockbroker or other professional adviser.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. H. Allert', is written over a light blue horizontal line.

R H Allert AO  
Chairman



## Key Investment Details

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### Key Entitlement Offer Statistics

Offer Price	\$0.70 per New Share
Entitlement ratio	1 New Share for every 10 Shares held
Number of New Shares to be issued under the Entitlement Offer	Approximately 21.9 million
Gross Entitlement Offer proceeds	Approximately \$15 million

### Key Dates

Event	Date
<b>Announcement of proposal to undertake Entitlement Offer</b> Lodgment of Appendix 3B with ASX.	26 June 2012
<b>Announcement of Entitlement Offer</b> Announcement of the Entitlement Offer and lodgment of the Offer Booklet and Cleansing Notice with ASX.	9 July 2012
<b>Ex Date</b> Shares quoted on 'ex basis' on ASX.	11 July 2012
<b>Record Date</b> The date for determining entitlements of Shareholders to participate in the Entitlement Offer.	7.00pm (Adelaide time) on 17 July 2012
<b>Entitlement Offer Opening Date</b> Despatch of Offer Booklet and Entitlement and Acceptance Forms. Entitlement Offer opens for Acceptances.	23 July 2012
<b>Entitlement Offer Closing Date</b> The last day for receipt of Acceptances.	5.00pm (Sydney time) on 16 August 2012
<b>Deferred Settlement Trading</b> New Shares issued under the Entitlement Offer expected to commence quotation on ASX on a deferred settlement basis.	17 August 2012
<b>Entitlement Offer Shortfall Date</b> Announcement of any shortfall under the Entitlement Offer to ASX.	21 August 2012
<b>Allotment Date for Entitlement Offer</b> Allotment Date for New Shares allotted under the Entitlement Offer and New Shares commence trading on ASX on a normal settlement basis.	24 August 2012
<b>Normal Trading</b> New Shares issued under the Entitlement Offer expected to commence quotation on ASX on a normal T + 3 basis.	27 August 2012

Event	Date
<b>Allotment Date for Shortfall Shares</b> Allotment Date for Shortfall Shares under the Entitlement Offer.	The Business Day immediately following the Settlement Date for Shortfall Shares

The above timetable is indicative only and subject to change.

Eligible Shareholders are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens. WDR reserves the right to vary any of the above dates without notice subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws, including extending the Entitlement Offer or accepting late Acceptances, either generally or in particular cases, without notice. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the New Shares.

## Corporate Directory

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### Directors

Mr. Rick Allert AO – Chairman  
Mr. Norman Gardner – Managing Director  
Mr. Graham Bubner – Executive Director  
Mr. David Cloke – Non-Executive Director  
Mr. Michael Ashton – Non-Executive Director  
Mr. Phillip Lockyer – Non-Executive Director  
Mr. Scott Perrin – Non-Executive Director

### Company Secretary and Chief Financial Officer

Mr. Laurie Ackroyd

### Registered Office

Level 1, 26 Greenhill Road  
Wayville, S.A. 5034

Telephone: +61 8 8177 8800

Facsimile: +61 8 8272 2838

### Share Registry

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
Adelaide, S.A. 5000

### Auditor

Deloitte  
Level 17, 11 Waymouth Street  
Adelaide, S.A. 5000

### Legal Adviser

Allens  
101 Collins Street  
Melbourne, VIC. 3000

**Website:** [www.westerndesertsources.com.au](http://www.westerndesertsources.com.au)

## **1. Details of the Entitlement Offer**

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### **1.1 Overview of the Entitlement Offer**

The Entitlement Offer is an offer of approximately 21.9 million New Shares at the Offer Price of \$0.70 per New Share. All Eligible Shareholders are entitled to subscribe for one New Share for every 10 Shares held at 7.00pm (Adelaide time) on the Record Date.

The Offer Price of \$0.70 per New Share represents a discount of:

- 21.3% to the closing market price of WDR's Shares on 21 June 2012 (being the last trading day prior to the preliminary announcement of the Entitlement Offer on 26 June 2012) of \$0.89 per Share; and
- 27.3% to the volume weighted average market price of WDR's Shares for the 5 trading days up to close of trade on 21 June 2012 of \$0.963 per Share.

If a Shareholder becomes entitled to a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

The New Shares will be fully paid and will rank equally in all respects with WDR's existing Shares on issue.

### **1.2 What is my Entitlement?**

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You can subscribe for all, or part, of your Entitlement to New Shares. Detailed instructions on how to accept all or part of your Entitlement are set out in Section 3.

Please note that if you choose not to accept your Entitlement under the Entitlement Offer your shareholding in WDR will be diluted to the extent that the Entitlement Offer is taken up by other Eligible Shareholders and the Shortfall Shares subscribed for by the Underwriters in their respective proportions (see paragraph 0 of this Section 1 and Section 5 of this Offer Booklet for further details).

### **1.3 Opening and Closing Dates**

The Entitlement Offer opens for receipt of Acceptances on 23 July 2012.

The Closing Date and time for Acceptances and payments to be received is 5.00pm (Sydney time) on Thursday, 16 August 2012, subject to the Directors varying the Closing Date in accordance with the requirements of the Corporations Act and the Listing Rules.

### **1.4 Who is entitled to participate in the Entitlement Offer?**

Each Eligible Shareholder with a registered address in Australia or New Zealand, who is registered as the holder of Shares at 7.00pm (Adelaide time) on the Record Date is entitled to participate in the Entitlement Offer in respect of the number of Shares registered in that holder's name.

Optionholders may only participate in the Entitlement Offer in respect of Shares to be issued on exercise of the Options held by them if they exercise their Options and are registered as the holder of the underlying Shares before 7.00pm (Adelaide time) on the Record Date.

## **1.5 Entitlement Offer not made to Ineligible Shareholders**

WDR has decided that it is unreasonable to make the Entitlement Offer to Ineligible Shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of Shareholders in such places, the number and value of the New Shares they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.

This Offer Booklet does not constitute an offer to Ineligible Shareholders and the Offer Booklet will not be sent to Ineligible Shareholders. WDR will send a letter to Ineligible Shareholders advising them of their inability to participate in the Entitlement Offer.

This Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer for securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Shareholders holding Shares on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Where the Offer Booklet has been despatched to Shareholders domiciled in a country outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Entitlement Offer, the Offer Booklet and accompanying Entitlement and Acceptance Form are provided for information purposes only.

## **1.6 Nominees**

The Entitlement Offer is being made to all Eligible Shareholders, who must be (among other things) registered as a holder in Australia or New Zealand and are not in the United States. WDR is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

## **1.7 Rights issue exception not available**

No nominee has been appointed for Ineligible Shareholders under Section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in Item 10 of Section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of his or her Entitlement, he or she must have regard to Section 606 of the Corporations Act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in Section 606 as a result of acceptance of the Entitlement Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

## 1.8 Effect on share capital

The effect of the Entitlement Offer on the capital structure of WDR will be as follows:

Shares	Number
Number of Shares on issue at 6 July 2012 (the trading day immediately prior to the formal announcement of the Entitlement Offer)	234,819,203 <sup>1</sup>
Maximum number of New Shares to be issued under the Entitlement Offer	21,881,920
Maximum number of Shares on issue following the Entitlement Offer	256,701,123

<sup>1</sup> This figure includes 16 million Placement Shares excluded from participation in the Entitlement Offer.

The figures in the table above are based on the undiluted share capital of WDR as at 6 July 2012 and assumes that all Eligible Shareholders take up their Entitlements in full. The figures are also approximate as individual Entitlements will be rounded up to the nearest whole figure.

There are 36,525,000 unlisted Options to subscribe for Shares currently on issue. If any of these Options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Entitlement Offer. Optionholders will be eligible to participate in the Entitlement Offer in respect of the Shares that are issued on the exercise of their Option provided that the Optionholder is registered as the holder of the underlying Share before 7.00pm (Adelaide time) on the Record Date.

## 1.9 Renounceability

The Entitlement Offer is non-renounceable. This means that your right to subscribe for New Shares under the Entitlement Offer is not transferable or tradeable on ASX. If you take no action, you will not be allocated your Entitlement. Any Entitlements which you do not take up, will lapse and New Shares in respect of those Entitlements will be allocated to Eligible Shareholders who have applied for Additional New Shares.

Any Shortfall Shares will be subscribed for by the Underwriters in their respective proportions by no later than 24 December 2012.

## 1.10 Underwriting Arrangements

Underwriting arrangements have been entered into between WDR, Ord Minnett, Permat, and two Directors, Norm Gardner and Michael Ashton (the **Underwriting Arrangements** and, each an **Underwriter**). The terms of the Underwriting Arrangements provide for the Entitlement Offer to be fully underwritten, with any Shortfall Shares to be subscribed for by the relevant Underwriters in the following proportions:

Name of Underwriter	Proportion of Shortfall Shares to be underwritten
Permat	88.1%
Norm Gardner	4.3%
Michael Ashton	7.6%

The terms of the Underwriting Arrangements provide for any Shortfall Shares to be subscribed for by the relevant Underwriters in their respective proportions by no later than 24 December 2012. Further details of the Underwriting Arrangements, including a summary of

the material terms of the Underwriting Arrangements, are set out in Section 5 of this Offer Booklet.

Assuming that no other Shareholders take up their Entitlements and the Underwriting Arrangements are not terminated in accordance with their terms, the underwriting commitments of Norm Gardner, Michael Ashton and Scott Perrin will have the following effect on their respective shareholdings in WDR:

Director	As at 6 July 2012 <sup>1</sup>			Immediately following the Entitlement Offer		
	Shareholding <sup>2</sup>	Option holding <sup>2</sup>	% Total WDR	Shareholding <sup>2</sup>	Option holding <sup>2</sup>	% Total WDR
Norman Gardner	7,520,394	6,000,000	3.20	8,461,317	6,000,000	3.30
Michael Ashton	16,501,443	3,000,000	7.03	18,164,469	3,000,000	7.08
Scott Perrin	40,000,000	10,000,000	17.03	59,277,971	10,000,000	23.09

<sup>1</sup> The last date practicable prior to the date of this Offer Booklet.

<sup>2</sup> Share and Optionholdings include the Shares and Options directly or indirectly held by the Director, and in which, the Directors have a relevant interest. This also assumes that no Options are exercised between 6 July 2012 and the close of the Entitlement Offer.

### 1.11 Issue of New Shares

WDR expects that New Shares will be issued by no later than 24 August 2012. The issue of New Shares will only be made after permission for their quotation on ASX has been obtained. If you apply for Additional New Shares then, subject to WDR's absolute discretion to scale-back your allocation of Additional New Shares (in whole or part), you would be issued Additional New Shares by no later than 24 August 2012.

Shortfall Shares will be issued in accordance with the Underwriting Arrangements and, in any event, no later than the Business Day immediately following the settlement date for the Shortfall Shares.

## 2. Purpose of the Entitlement Offer

The proceeds from the Entitlement Offer will contribute towards the construction of WDR's Roper Bar iron ore project in the Northern Territory and associated infrastructure as well as working capital necessary to commence mining operations.

## 3. How to Accept the Entitlement Offer

### 3.1 How to take up all or part of your Entitlement

To subscribe for New Shares offered to you, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part of your Entitlement you wish to subscribe for.

You must make payment for the appropriate application monies (at \$0.70 per New Share subscribed) as provided in Section 0 below.

Acceptances will not be valid if they are received after the Closing Date.

Please note that all Acceptances, once received, are irrevocable.

### 3.2 Lapse of rights

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shortfall.

### 3.3 Payment

Payments must be received by 5.00pm (Sydney time) on the Closing Date and must be in Australian currency and by:

- (a) cheque drawn on and payable at any Australian bank;
- (b) bank draft drawn on and payable at any Australian bank; or
- (c) BPAY®.<sup>1</sup>

Entitlement and Acceptance Forms, together with cheque or bank draft for the appropriate application monies (at \$0.70 per New Share and Additional New Share that you are applying for) must be sent to WDR's Share Registry so that they reach the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than 5.00pm (Sydney time) on the Closing Date.

WDR will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back WDR may determine to implement in respect of Additional New Shares. Amounts received by WDR in excess of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full.

Acceptances will not be valid if they are received after 5.00pm (Sydney time) on the Closing Date.

WDR also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims as to the extent of their Entitlements prove to be overstated or they fail to provide information to substantiate their claims.

Cheques or bank drafts must be made payable to 'Western Desert Resources Limited' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Booklet, you have acted in accordance with the terms of the Entitlement Offer detailed in this Offer Booklet and you agree to all of the terms and conditions as detailed in this Offer Booklet.

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<sup>1</sup> BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.



### 3.4 Refunds

Any application monies received for more than your Entitlement to New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any application monies received or refunded by WDR. Payment of any refund to any existing or former Shareholder will be made either by:

- (a) cheque mailed to that person's address as last recorded in WDR's register of members;  
or
- (b) direct credit, but only where that person has previously nominated to receive payment of dividends by direct credit and has not withdrawn that nomination.

In all cases, the payment method will be at WDR's election.

### 3.5 Declarations

By completing and returning your personalised Entitlement and Acceptance Form along with your cheques, bank draft or money order or making a payment by BPAY®, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder;
- (b) represented and warranted that you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent you are holding Shares for the account or benefit of such person in the United States);
- (c) represented and warranted that you understand and acknowledge that neither the Entitlements nor the New Shares have been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities laws;
- (d) represented and warranted that you are purchasing New Shares in an "offshore transaction" (as defined in Rule 902(h) under the Securities Act) in compliance with Regulation 5 under the Securities Act;<sup>2</sup>
- (e) represented and warranted that you have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States;
- (f) acknowledged that you have fully read and understood both this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (g) agreed to be bound by the terms of the Entitlement Offer, the provisions of the Offer Booklet and WDR's constitution;
- (h) authorised WDR to register you as the holder of the New Shares allotted to you;

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<sup>2</sup> Please refer to Section 8.3(b) for further information.

- (i) declared that all of the details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (j) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (k) acknowledged that once WDR receives your Entitlement and Acceptance Form or any payment of application monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (l) agreed to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY®, at the Offer Price per New Share;
- (m) authorised WDR, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (n) declared that you were registered holder(s) at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (o) represented and warranted that you are a resident of Australia or New Zealand;
- (p) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (q) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in WDR and is given in the context of WDR's past and ongoing continuous disclosure announcements to ASX;
- (r) acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Booklet and that investments in WDR are subject to risk;
- (s) acknowledged that none of WDR, the Underwriters, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of WDR, nor do they guarantee the repayment of capital;
- (t) agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of Shares on the Record Date;
- (u) authorised WDR to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (v) represented and warranted that the law of any place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares;
- (w) represented and warranted that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the

United States or is acting for the account or benefit of a person in the United States;  
and

- (x) represented and warranted that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and does not reside in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any person in the United States.

## **4. Additional New Shares**

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Eligible Shareholders may also apply for Additional New Shares in excess of their Entitlement at the Offer Price. There is no limit on the number of Additional New Shares that may be applied for by Eligible Shareholders in excess of their Entitlement. However, Additional New Shares will only be allocated to Eligible Shareholders if there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer, subject to any scale-back that WDR may apply (in its absolute discretion).

WDR reserves the right to allot any Additional New Shares or scale-back your application for Additional New Shares in its absolute discretion. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of WDR on the number of Additional New Shares to be allocated to you will be final.

## **5. Underwriting**

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### **5.1 Terms of the Underwriting Arrangements**

Underwriting Arrangements have been entered into between WDR, Ord Minnett, Permat and two Directors, Norm Gardner and Michael Ashton, to fully underwrite the Entitlement Offer as between them in their respective proportions as set out in paragraph 0 of Section 1 above.

The Underwriters will be paid an underwriting fee equal to 4.00% of their underwriting commitment under the Underwriting Arrangements.

Customary with these types of arrangements, WDR has given warranties and covenants in favour of Ord Minnett and has indemnified Ord Minnett and its directors, officers, employees, agents and advisers against losses in connection with the Entitlement Offer.

Ord Minnett may terminate its obligations under the Underwriting Arrangements on the happening of any of a range of events, including if:

- (a) the ASX/S&P 200 Index, ASX/S&P Small Resources Index or Platts daily Iron Ore 62% Fe, North China price assessment falls 10% or more between specified dates;
- (b) ASIC takes actions or commences an investigation in respect of the Entitlement Offer;
- (c) ASX does not grant unconditional approval for an official quotation of the New Shares on ASX;
- (d) there is a material adverse change in the assets, liabilities, financial position or performance of WDR or any of its Subsidiaries;
- (e) an insolvency event occurs in respect of WDR or any of its Subsidiaries;

- (f) there is a delay of more than 1 Business Day in the timetable for the Entitlement Offer;
- (g) any document in relation to the Entitlement Offer is or becomes misleading in any material respect; and
- (h) WDR withdraws the Placement or Entitlement Offer.

Permat, Norm Gardner and Michael Ashton may only terminate their obligations under the Underwriting Arrangements if Ord Minnett terminates its obligations under the Underwriting Arrangements or WDR withdraws the Placement or Entitlement Offer.

## **5.2 Chapter 2E of the Corporations Act**

Each Director is considered to be a 'Related Party' within the meaning of the Corporations Act. Chapter 2E of the Corporations Act states that shareholder approval must be given before giving a financial benefit to a Related Party of WDR, unless the financial benefit comes within one of the exceptions in Sections 210 to 216 of the Corporations Act.

The issue of Shortfall Shares pursuant to the Underwriting Arrangements to those Directors who are underwriting the Offer and the payment of underwriting fees pursuant to those arrangements constitutes the giving of a financial benefit to a Related Party for the purposes of Chapter 2E of the Corporations Act.

Shareholder approval is not being sought for the underwriting for the purposes of Chapter 2E of the Corporations Act, as the non-participating Directors are of the opinion that the exception to the shareholder approval requirement in Section 210 of the Corporations Act applies. That exception provides that shareholder approval is not required for the giving of a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company and the Related Party were dealing at arm's length terms; or
- (b) are less favourable to the Related Party than the terms referred to in (a).

The non-participating Directors have formed the view that the exception applies on the basis that the terms of the Underwriting Arrangements are less favourable to the Directors than if the Directors had entered into underwriting arrangements for the Entitlement Offer on arm's length commercial terms. This is because WDR has not provided any warranties, covenants or indemnities in favour of the Directors and because the Directors only have termination rights where Ord Minnett terminates its obligations under the Underwriting Arrangements or WDR withdraws the Placement or Entitlement Offer. The fees payable by WDR under these arrangements also reflect arm's length terms.

## **5.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

The issue of Shortfall Shares to participating Directors in accordance with the Underwriting Arrangements will come within Exception 2 in Listing Rule 10.12 which states that shareholder approval is not required where a Related Party receives shares under an underwriting agreement in relation to a pro rata issue, and the terms of the underwriting were included in the offer documents sent to Shareholders. Accordingly, Shareholder approval is not sought for the purposes of Listing Rule 10.11 for the grant of Shares to participating Directors in accordance with the Underwriting Arrangements.

## **6. Risk Factors**

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### **6.1 Introduction**

Investors should be aware that there are risks associated with an investment in WDR. Some of the principal factors that may, either individually or in combination, affect the future operating and financial performance of WDR and the value of Shares are set out below. Some are specific to an investment in WDR and others are of a more general nature. The summary of risks that follows is not exhaustive and this document does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties of which WDR is unaware or that WDR currently considers to be immaterial may also become important factors that adversely affect future performance. It is important therefore for investors to consider these (and any other) risks and uncertainties carefully before investing in Shares. Investors should have regard to their own investment objectives and financial circumstances and should seek advice from their professional adviser(s) before deciding whether or not to invest.

### **6.2 Mineral reserves and mineral resources estimates**

The estimated costs of the Roper Bar iron ore project, the tonnages and grades anticipated to be achieved and the anticipated level of recovery are based on WDR's estimated mineral reserves and mineral resources for the Roper Bar iron ore project. No assurance can be given that the anticipated tonnages and grades will be achieved, that anticipated level of recovery will be realised or that mineral reserves will be mined or processed profitably. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond WDR's control.

### **6.3 Production estimates**

WDR may not achieve its production estimates. The failure of WDR to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realisation of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing.

### **6.4 Increases in operating cost estimates**

Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this document, could affect the ultimate accuracy of such estimate and result in an increase in actual operating costs incurred: (i) unanticipated changes in grade and tonnage of ore to be mined and processed; (ii) incorrect data on which engineering assumptions are made; (iii) equipment delays; (iv) labour disputes and negotiations; (v) changes in government regulation including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals; and (vi) title claims. Material increases in operating costs could cause WDR to suspend operations as currently planned, either temporarily or permanently.

## **6.5 Delays in procuring equipment**

Delays in procuring new equipment, or maintaining and supporting existing equipment, may impact WDR's ability to achieve its production forecasts.

## **6.6 Operating risks**

Development and operation of WDR's projects is dependent upon a number of factors including mining, infrastructure, mine planning, mine management, processing facility management and reliability and regulatory requirements. Operations may be negatively impacted by mechanical difficulties, human error, incorrect technical assumptions, unanticipated mine or ground conditions, labour disputes, shortages or delays in the delivery of equipment or supplies, weather conditions, civil unrest, wars and natural disasters, blowouts, cratering, explosions, pollution, seepage or leaks, fire and earthquake and unexpected shortages or increases in the costs of fuel, other consumables, spare parts, plant and equipment. The occurrence of any such matters could adversely impact WDR's financial position and performance.

## **6.7 Debt funding remains to be secured**

WDR requires debt funding for the balance of the capital proceeds required to bring the Roper Bar iron ore project into production, and at this stage WDR has not secured such funding. There is no assurance that such debt funding will be obtained on terms satisfactory to WDR, and a failure to obtain sufficient debt financing may adversely affect the ability of WDR to fund the balance of the capital proceeds required to bring the Roper Bar iron ore project into production and, therefore, could adversely impact WDR's financial position and performance.

## **6.8 Additional funding may be required**

WDR may require further debt or equity funding in the future to finance its planned operations. The success and the pricing of any such capital raisings and/or debt financing will be dependent upon the prevailing market conditions, and the financial and operational position and performance of WDR, at that time. There is no assurance that such financing will be obtained on terms satisfactory to WDR. Failure to obtain sufficient financing, as and when required, could cause WDR to realise assets and extinguish liabilities other than in the normal course of business and not be able to continue as a going concern.

## **6.9 Foreign exchange risk**

Iron ore prices are currently benchmarked in US dollars. Accordingly any future sales of iron ore that WDR may be able to achieve are therefore likely to be denominated in US dollars. WDR's functional currency is Australian dollars. Fluctuations in the US dollar against the Australian dollar may impact on the profitability of WDR's operations.

## **6.10 Environmental risks and regulations**

All phases of WDR's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no

assurance that future changes in environmental regulation, if any, will not adversely affect WDR's financial position and performance.

Environmental hazards may exist on the properties on which WDR holds interests which are unknown to WDR at present and which have been caused by previous or existing owners or operators of the properties.

#### **6.11 Government**

Government approvals and permits are current and may in the future be required in connection with the operations of WDR. To the extent such approvals are required and not obtained, WDR may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Government policies are subject to review and change from time to time and WDR relies upon government agencies promptly and favourably dealing with applications and consents. Such matters are likely to be beyond the control of WDR. Changes in community attitudes on matters such as taxation, environment and landholder issues may bring about reviews and possible changes in government policies and regulations. Any such government action or inaction may limit or prohibit operations or require increased capital or operating expenditure and could adversely impact WDR's financial position and performance.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on WDR and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production, or delays in development.

#### **6.12 Licences and permits**

Interests in permits are governed by the granting of licences or leases by the appropriate government authorities. The conduct of operations and the steps involved in acquiring all licences and permits involve compliance with numerous procedures and formalities. It is not always possible to correctly interpret, or comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance. In some cases, failure to follow such requirements or obtain relevant evidence may call into question the validity of the titles.

Failure to obtain any necessary licences or permits, any material non-compliance with such licences or permits or the revocation or non-renewal of such licences or permits could adversely impact WDR's financial position and performance.

#### **6.13 Taxation**

WDR is subject to various forms of taxation in Australia. There is an ongoing risk that changes to taxation legislation or the interpretation or enforcement of taxation laws or regulations could adversely impact WDR's financial position and performance.

#### **6.14 Economic conditions and project delays**

Domestic and global economic conditions may affect WDR's performance. Factors such as inflation, interest rates, prices and availability of critical supplies, such oil, power, water, acid and other reagents, may delay operations and impact operating costs and may adversely affect WDR's prospect. WDR's future possible revenue and share price can be affected by these factors all of which are beyond the control of WDR and its Directors.

In particular, the current economic uncertainty in the Euro zone could have significant impact on the wider trading environment WDR is operating within. This may affect WDR's revenue, profitability and growth potential both in the short and medium term.

#### **6.15 Equity markets risk**

There are general risks associated with investments in equity capital. The trading price of WDR shares may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors which may affect the market price of shares include:

- (a) general movements in Australian and international stock markets;
- (b) investor sentiment, Australian and international economic conditions and outlook;
- (c) changes in interest rates and the rate of inflation;
- (d) changes in government regulation and policies;
- (e) announcement of new technologies; and
- (f) geo-political instability, including international hostilities and acts of terrorism.

No assurances can be given that the Shares will trade at or above the price for New Shares under the Entitlement Offer. None of WDR, its Directors or any other person guarantees the market performance of Shares.

#### **6.16 Contractual and other legal risks**

All permits and contracts entered into by WDR are subject to interpretation. There is no guarantee that WDR will be able to enforce all its presumed rights under its permits and contracts. The introduction of new legislation or amendments to existing legislation or changes in regulation or administrative practices by governments, developments in existing common law or civil law, or the interpretation of the legal requirements in any of the legal jurisdictions which govern WDR's operations or contractual obligations, could adversely impact WDR's financial position and performance.

#### **6.17 Litigation risk**

Exposure to litigation brought by third parties such as contractors, regulators, or employees could negatively impact on WDR and its operations and licences. Legal claims, if successful, could adversely impact WDR's financial position and performance.

#### **6.18 Speculative nature of investment**

This list of risk factors is not exhaustive of the risks faced by WDR or by investors in WDR. Potential investors should also have regard to WDR's prior publications and announcements. The above factors, and others not referred to specifically above, may in the future adversely impact WDR's financial position and performance and the value of WDR shares. Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the shares. Potential investors should consider that the



investment in WDR is speculative and should consult their professional advisers before deciding whether to invest.

## **7. Taxation**

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Set out below is a summary of the Australian tax implications of the Entitlement Offer for Eligible Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets. Non-Australian residents should seek their own tax advice.

The summary below does not apply to Eligible Shareholders:

- (a) who hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment; or
- (b) whose Shares are held through an employee share plan or whose Shares are held as revenue assets or trading stock; or
- (c) who are resident in New Zealand.

The summary below is based on the law in effect as at 5 July 2012.

### **7.1 Issue of Entitlements**

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Shareholder.

### **7.2 Exercise of Entitlements**

Eligible Shareholders who exercise their Entitlements and subscribe for New Shares will acquire those New Shares with a cost base for Capital Gains Tax ("**CGT**") purposes equal to the Offer Price payable by them for those New Shares plus any non-deductible incidental costs they incur in acquiring them, but will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares.

### **7.3 New Shares**

Eligible Shareholders who exercise their Entitlements will be issued New Shares. Any future dividends or other distributions made concerning those New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares, Eligible Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of those Shares is described above.

New Shares will be treated for the purposes of the CGT rules as having been acquired when the Eligible Shareholder exercised the Entitlement to subscribe for them. In order to benefit from the CGT discount that may be available upon a disposal of those New Shares, they must have been held for at least 12 months after that date before the disposal occurs.

### **7.4 Other Australian taxes**

No Australian Goods and Services Tax ("**GST**") or stamp duty is payable upon the grant or exercise of the Entitlements or the acquisition of New Shares (on the basis that, in relation to stamp duty, the New Shares are quoted on ASX and no holder (on an associate-inclusive basis) will hold an interest (as respectively defined in the landholder stamp duty provisions of

New South Wales, Victoria, Queensland, South Australia, Western Australia and the Northern Territory) of 90% or more in WDR).

## **8. Further Information**

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### **8.1 Reliance on Offer Booklet**

This Offer Booklet has been prepared in accordance with Section 708AA of the Corporations Act. In general terms, Section 708AA relates to rights issues by certain companies that do not require the lodgment of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is considerably less than the level of disclosure required in a prospectus.

In deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of WDR, refer to disclosures made by WDR to ASX (which are available for inspection on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on WDR's website at [www.westerndesertresources.com.au](http://www.westerndesertresources.com.au)) and seek the advice of your professional adviser.

### **8.2 Fees and expenses**

A broker handling fee of 1% of the application monies per Acceptance (up to a maximum amount of \$500 per Acceptance) will be paid by WDR for every Acceptance or renunciation lodged on behalf of an Eligible Shareholder. The broker handling fees will be determined by WDR after the Closing Date and will be paid from the proceeds of the Entitlement Offer.

### **8.3 Foreign jurisdictions**

#### **(a) New Zealand**

The New Shares being offered under this Offer Booklet are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

#### **(b) United States**

This Offer Booklet may not be released or distributed in the United States.

This Offer Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US person" as defined in Regulation S ("**US Person**") under the Securities Act. The New

Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States or to any US Persons except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable US state securities laws.

#### 8.4 Withdrawal of the Entitlement Offer

WDR reserves the right to withdraw all or part of the Entitlement Offer and this Offer Booklet at any time, subject to applicable laws, in which case WDR will refund application monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Entitlement Offer has occurred, WDR may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Entitlement Offer.

To the fullest extent permitted by law, you agree that any application monies paid by you to WDR will not entitle you to receive any interest and that any interest earned in respect of application monies will belong to WDR.

#### 8.5 Further information

If you have any questions about your Entitlement to New Shares, please contact either:

- (a) WDR's Share Registry on 1300 651 474 (within Australia) or +61 3 9415 4127 (outside Australia); or
- (b) your stockbroker or professional adviser.

#### 8.6 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on Acceptance of the Entitlement Offer are governed by the laws applicable in South Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of South Australia, Australia.

## Glossary and Interpretation

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### 9.1 Definitions

In this Offer Booklet, the following words have the following meanings unless the context requires otherwise:

<b>\$ or A\$</b>	Australian Dollars.
<b>Acceptances</b>	the valid completion and execution of the relevant Entitlement and Acceptance Form.
<b>Additional New Share</b>	the New Shares in excess of the Entitlement of an Eligible Shareholder.
<b>ASX</b>	Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
<b>Business Day</b>	means a day which is not a Saturday, Sunday or a public holiday in South Australia.
<b>Closing Date</b>	the last date for accepting the Entitlement Offer, being 5.00pm (Sydney time) on 16 August 2012.

<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth).</i>
<b>Directors</b>	the directors of WDR.
<b>Eligible Shareholder</b>	a person registered as a Shareholder as at 7.00pm (Adelaide time) on the Record Date, who is not an Ineligible Shareholder or holder of or subscriber for Placement Shares.
<b>Entitlement</b>	the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer on the basis of 1 New Share for every 10 Shares held at 7.00pm (Adelaide time) on the Record Date.
<b>Entitlement Offer</b>	the pro rata non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 10 Shares held by the Eligible Shareholder as at 7.00pm (Adelaide time) on the Record Date.
<b>Entitlement and Acceptance Form</b>	each Entitlement and Acceptance Form accompanying this Offer Booklet upon which an Acceptance may be made.
<b>Excess Amount</b>	as defined in Section 0.
<b>Ineligible Shareholder</b>	any person registered as a Shareholder as at 7.00pm (Adelaide time) on the Record Date with a registered address which is not in Australia or New Zealand.
<b>Law</b>	includes any law, regulation, authorisation, ruling, judgment, order or decree of any authority and any statute, regulation, proclamation, ordinance or by-law in Australia.
<b>Listing Rules</b>	the official listing rules of ASX, as amended or replaced from time to time.
<b>New Share</b>	the Shares offered pursuant to the Entitlement Offer.
<b>Offer Booklet</b>	this offer booklet dated 23 July 2012.
<b>Offer Price</b>	the price payable for each New Share under the Entitlement Offer, being \$0.70.
<b>Option</b>	an option in WDR.
<b>Optionholder</b>	a registered holder of Options.
<b>Ord Minnett</b>	Ord Minnett Limited (ABN 86 002 733 048).
<b>Permat</b>	Permat Holdings Pty Ltd (ACN 129 470 391), being the major shareholder of WDR.
<b>Placement</b>	means the placement to certain sophisticated and professional investors announced by WDR to ASX on 26 June 2012.
<b>Placement Shares</b>	means the Shares placed to certain sophisticated and professional investors under the Placement.
<b>Record Date</b>	7.00pm (Adelaide time) on 17 July 2012.
<b>Related Party</b>	means a related party of WDR within the meaning of Section 228 of the Corporations Act.

<b>Share</b>	a fully paid ordinary share in the capital of WDR.
<b>Shareholder</b>	a registered holder of Shares.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd.
<b>Shortfall Shares</b>	the New Shares for which Acceptances have not been received by the Closing Date.
<b>Subsidiary</b>	a body corporate that is a subsidiary of the Company within the meaning of the Corporations Act.
<b>Underwriter</b>	as defined in Section 0.
<b>Underwriting Arrangements</b>	as defined in Section 0.
<b>WDR</b>	Western Desert Resources Limited (ACN 122 301 848).

## 9.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances or by-laws issued under that statute;
- (d) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (e) a reference to a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a body (including an institute, association or authority), whether statutory or not;
  - (i) that ceases to exist; or
  - (ii) the powers or function of which are transferred to another body,
is a reference to the body that replaces it or substantially succeeds to its powers or functions;
- (g) other grammatical forms of a word or phrase defined in this document have a corresponding meaning; and
- (h) a reference to a Section is a reference to a Section of this Offer Booklet.

## Western Desert Resources Limited

ABN 48 122 301 848

000001 000  
MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

### For all enquiries:

#### Phone:



(within Australia) 1300 651 474  
(outside Australia) 61 3 9415 4127

#### Web:



[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

### Make your payment:



See over for details of the Offer and how to make your payment

**\*\*\* NOT FOR DISTRIBUTION OR  
RELEASE IN THE UNITED STATES  
OR TO U.S. PERSONS \*\*\***

## Non-Renounceable Rights Issue - Entitlement & Acceptance Form for New Shares

### RETAIL ENTITLEMENT CLOSSES AT 5:00PM (SYDNEY TIME) THURSDAY 16 AUGUST 2012.

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this Entitlement and Acceptance Form ("Form"), please contact your financial or other professional adviser.

Terms used in this Form have the meanings given in this Form and the Retail Entitlement Offer Booklet ("Offer Booklet") (collectively, the "Offer Documents") dated 23 July 2012 (unless otherwise stated). You should read the Offer Documents carefully before completing this Form.

#### Step 1: Registration Name

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHES sponsored holding, please contact your Controlling Participant to notify a change of address.

#### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those shares. By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Documents dated 23 July 2012.

Choose one of the payment methods shown below:

**BPAY®:** See overleaf. Do not return the Acceptance Payment Details slip with **BPAY®** payment.

**By Mail:** Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to Western Desert Resources Limited. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Acceptance Payment Details slip on the reverse side of this page. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer** →

#### Declaration:

By submitting this Form along with your application monies or making a payment by **BPAY®**, you:

- agree to be bound by the terms of the Offer Documents including the representations and warranties contained in the Offer Booklet and the provisions on the constitution of Western Desert Resources Limited;
- agree to be bound by the terms and conditions of issue of the New Shares in accordance with the Offer Documents;
- authorise us to register you as the holder(s) of the New Shares allotted to you;
- declare that all details and statements in this Form are complete and accurate;
- acknowledge that once Western Desert Resources Limited receives your Form or **BPAY®** payment, you may not withdraw it;
- agree to apply for, and be issued with, the number of New Shares that you apply for at the Offer Price of A\$0.70 per New Share;
- declare that, as at the Record Date, you are the current registered holder(s) of the ordinary shares in your name and are an Australian or New Zealand resident.

#### Additional New Shares applied for:

You can apply for Additional Shares from any shortfall by calculating the amount payable within Acceptance Payment Details section on the reverse side of this Form. Your application will be treated as applying for as many New Shares as your payment will pay for in full, subject to any scale-back conditions. Amounts received in excess of your Entitlement ("Excess Amount") will be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full. There is no limit on the number of Additional Shares you may apply for. There is no guarantee of receiving any Additional Shares. Western Desert Resources Limited reserves the right to scale back any applications for Additional New Shares in its absolute discretion.


**Western Desert Resources Limited Non-Renounceable Rights Issue  
Payment must be received by 5:00pm (Sydney time) Thursday 16 August 2012**

# Entitlement and Acceptance Form with Additional Shares

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## STEP 1 Registration Name & Offer Details

 For your security keep your SRN/  
HIN confidential.

**Registration Name:** MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

Entitlement No: 00005856

**Offer Details:** Existing shares entitled to participate as at 7:00pm (Adelaide time) on  
17 July 2012:

4,000

Entitlement to New Shares  
on a 1 for 10 basis:

400

Amount payable on acceptance  
at \$0.70 per share:

\$280.00

## STEP 2 Make Your Payment



Billers Code: 123456  
Ref No: 1234 5678 9123 4567 89

### Pay by Mail:



Make your cheque, money order or bank draft payable to Western Desert  
Resources Limited.

Return your cheque with the below slip to:  
**Computershare Investor Services Pty Limited**  
**GPO BOX 2987 Adelaide South Australia 5001 Australia**

Contact your financial institution to make your  
payment from your cheque or savings  
account.

If you are applying for New Shares and your payment is being made by **BPAY®**, you do not need to return the slip below. Your payment must be received by no later than 5:00pm (Sydney time) on Thursday 16 August 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Western Desert Resources Limited accepts any responsibility for loss incurred through incorrectly completed **BPAY®** payments. It is the responsibility of the applicant to ensure that funds submitted through **BPAY®** are received by this time. If you are paying by cheque, bank draft or money order the slip below must be received by CIS by no later than 5:00pm (Sydney time) on Thursday 16 August 2012. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other eligible shareholders will need to affix the appropriate postage. Return the slip below with cheque attached. Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

## Privacy Statement

Personal information is collected on this Form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

Detach here -----

## Acceptance Payment Details

Number of New Shares to be taken up:

--	--	--	--	--	--	--	--	--	--

Number of Additional Shares  
applied for:

--	--	--	--	--	--	--	--	--	--

Amount enclosed at \$0.70 per  
New Share:

**A\$**

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Entitlement No: 00005856

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

**Payment must be received by 5:00pm (Sydney time) Thursday 16 August 2012**

## Contact Details

**Contact** \_\_\_\_\_ **Daytime**  
**Name** \_\_\_\_\_ **Telephone** \_\_\_\_\_

## Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-5002+15