ANNUAL REPORT

YEAR ENDED
30 JUNE 2013

Western Desert
RESOURCES

ABN 48 122 301 848

Corporate Directory

Office Holders:
Richard Hugh Allert, AO *(Chairman)*
Norman Wayne Gardner *(Managing Director)*
Graham John Bubner *(Executive Director)*
Michael Kevin Ashton *(Non-Executive Director)*
Phillip Clive Lockyer *(Non-Executive Director)*
Scott Douglas Perrin *(Non-Executive Director)*
Laurie Ackroyd *(Company Secretary)*

Registered Office:
Level l,
26 Greenhill Road,
Wayville, S.A. 5034

Tel: 08 8177 8800
Fax: 08 8272 2838
email: ***info@westerndesertresources.com.au***
web: ***www.westerndesertresources.com.au***

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

Auditor:
Deloitte Touche Tohmatsu
11 Waymouth Street,
Adelaide, S.A. 5000

Solicitors to the Company:
Watsons Lawyers,
Ground Floor,
60 Hindmarsh Square,
Adelaide, S.A. 5000

CONTENTS

1	Corporate Directory Information
2	Contents
3	Chairman's Report
5	Managing Director's Report
7	Review of Exploration and Development Projects
29	Schedule of Tenements
30	Director's Report / Board of Directors
32	Review of Operations and likely future developments
35	Remuneration Report
42	Non Audit Services
44	Auditor's Independence Declaration
45	Corporate Governance and Diversity Statement
49	Consolidated statement of profit or loss and other comprehensive income
50	Consolidated statement of financial position
51	Consolidated statement of changes in equity
52	Consolidated statement of cash flows
53	Notes to the Consolidated Financial Statements
89	Directors Declaration
90	Independent Auditor's Report
92	ASX Additional Shareholder Information

2013 ANNUAL REPORT – CHAIRMAN'S REPORT

By Rick Allert

Dear Fellow Shareholders,

It is very pleasing for me to be able to report that our flagship development, the Roper Bar iron ore project, has progressed to a point whereby our first shipment of iron ore is scheduled to be loaded in late November this year.

This is a remarkable feat from what started as a small exploration company in 2006 with a number of tenements in the Northern Territory.

The major milestones that have been achieved this year include:-

- *Approval by the Northern Territory and Federal Governments of the Company's Environmental Impact Statement.*
- *Northern Territory Government approvals of mining leases and the haul road from our mine site to the loading facility at Bing Bong.*
- *Significant upgrades in the level of Direct Shipping Ore (DSO Grade) JORC compliant Measured, Indicated and Inferred Mineral Resource estimates.*
- *The signing of an Off-take agreement for 100% of our iron ore output with Noble Resources International Pte Limited.*
- *Significant progress with development of the haul road, camp site, bridge works and supporting infrastructure.*
- *Project Finance approved to enable completion of the development project.*

Our Management and staff, led by our Managing Director Norm Gardner and Director Scott Perrin, are to be congratulated for achieving these important major milestones listed above.

In order to undertake the development work to date we have had to raise a significant amount of funding to finance the infrastructure developments and to provide the working capital necessary to commence mining operations. As you know in July and August 2012 we raised over $81 million (before costs) from a combination of share placement and options. In July this year we raised a further $17.4 million (before costs) from new shareholders by way of Placement to professional and sophisticated investors.

The support by Shareholders of the company has been outstanding and the Board of Directors wish to publicly acknowledge that support over many years.

As foreshadowed in my report last year, the Company has sought to secure project finance for the balance of the capital proceeds required to bring Roper Bar into production. In this respect, on 6th September, 2013 the Company announced to the market that it had signed agreements for Macquarie Bank Limited to provide all remaining project debt finance for construction of the Roper Bar iron ore project in the Northern Territory.

On 20th September 2013 the company announced that it has agreed to issue approximately 46.15 million new ordinary shares at an issue price of $0.65 per share to sophisticated and institutional investors to raise gross proceeds of $30 million. In addition to this Placement, WDR will be offering all WDR shareholders the opportunity to subscribe for new shares under a Share Purchase Plan. Under this Plan each WDR shareholder will be offered the opportunity to subscribe for up to $15,000 of new shares at an issue price of $0.65 per share. The funds raised under the Placement and the Share Purchase Plan will replace funding previously to be provided by way of revolving credit facility from Noble Resources International Pte Ltd and this will add strength to the company's Balance Sheet and reduce reliance upon debt. These equity raisings are subject to the approval of Shareholders at the Annual General Meeting.

Acceptance of the Macquarie debt facility and additional equity will finance completion of the Stage 1 Direct Shipping ("DSO") grade mining and construction operations for the project.

On behalf of the Board, I thank my fellow Board colleagues, the Managing Director and his Management team, our geologists, consultants, advisors, contractors, suppliers and all of our support staff for their very considerable contribution during the year.

We look forward to an exciting year ahead.

Rick Allert, AO
Chairman
Western Desert Resources Limited

MANAGING DIRECTORS REPORT

By Norm Gardner

I am extremely proud to be able to report to shareholders the progress made throughout the 2012-2013 year on the Roper Bar Iron Ore project. Sure, it has been tough at times but looking back some significant milestones have been achieved and we are well on our way to completing the development and infrastructure for the mining, transportation and shipping of iron ore.

It pleases me greatly that we expect to see our first shipment before the end of 2013. Of course this has not and will not be achieved without a great deal of hard work by our employees, consultants, contractors and the support of investors and financiers. It has been a spectacular year which has seen the major accomplishments as set out in the Chairman's Report.

At the time of writing we are yet to finish the construction of the 165 kilometre haul road necessary to get iron ore from the mine site to the loading facility, although it is now nearing completion. Our contractors on this project have done a great job in bringing the project home on time and on budget. At the port, where we have an agreement with Mount Isa Mines Limited for access to the Bing Bong loading facility located in the Gulf of Carpentaria, we are busy installing conveyors and barge loader. We are also establishing the ocean moorings where ocean going vessels will be loaded from those barge operations.

Importantly, following a long due diligence process the securing of Project Financing and Debt Funding, which enables Stage 1 of the project to be finalised, was announced to the market on 6th September, 2013. Western Desert has signed agreements with Macquarie Bank Limited for the provision of all remaining debt finance for the remaining capital requirement of the Direct Shipping Ore grade from the project.

As the construction work has progressed during the year at Roper Bar Western Desert has taken the opportunity to engage new Management staff to handle the future mining operations and plan for final pit optimisations. At the camp site accommodation, kitchen, offices, laboratory, storage, fuel facilities and staff amenity facilities have all been installed.

To provide for the expected increase in use by a growing number of aircraft using the Western Desert air strip the company has carried out lengthening and widening during the year.

Our hard working exploration team have also made significant progress that has seen the level of Direct Shipping Ore ("DSO grade") for the Roper Bar project increase significantly through some concentrated drilling programs and infill drilling identifying high grade hematite mineralisation. During the year the combined DSO grade Mineral Resource estimate has increased to 47.4 million tonnes. Furthermore, the global Mineral Resource estimates at Roper Bar increased by over 50% during the year to 611 (Last year 400) million tonnes. The Company continues to explore the Roper Bar area targeting additional hematite mineralisation.

During the year Western Desert finalised 100% ownership of the "Tianda" tenement, which will now be fully explored as part of the Roper Bar project. The combined Roper Bar, Mountain Creek and Tianda projects will continue to be the focus of exploration for WDR over the next 3 or 4 years.

During the year some progress has also been made on other potentially exciting projects. These include:

> *The level of ownership by Western Desert of the Tenant Creek exploration area was finalised after the end of the financial year to where the Company now formally holds an 80% interest. Whilst it is difficult country to carry out exploration the rewards, if positive, will be well worth the effort based on historical results from what is potentially one of the most exciting Gold and Copper areas of Australia.*
>
> *Western Desert continues with negotiating access to our exciting Musgraves blocks in the south western corner of the Territory.*

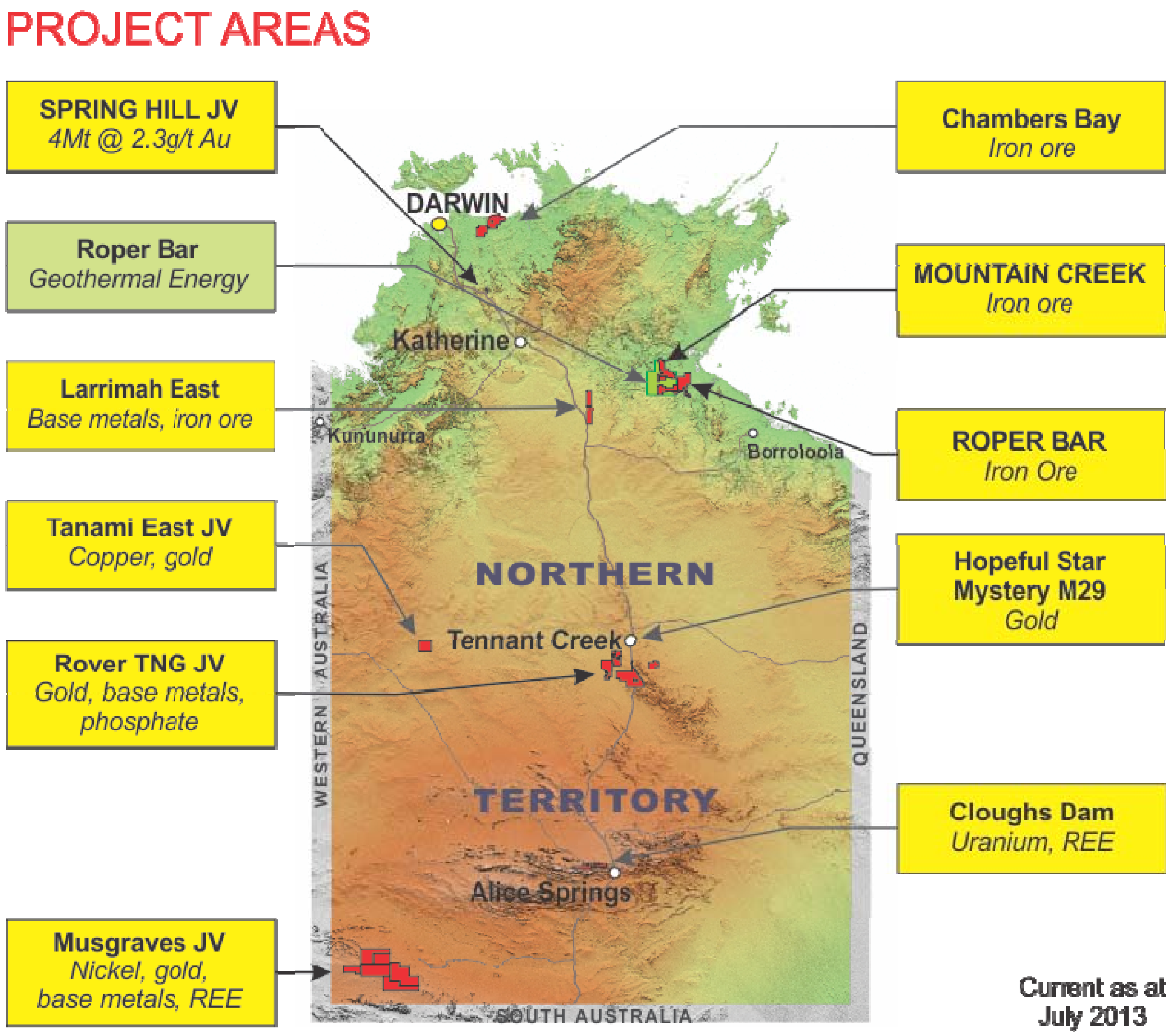
I would like to thank all of our shareholders both old and new for their support during trying times. Hopefully we will all see the rewards for our investment soon. I also wish to thank my fellow board members and Chairman for their encouragement and unwavering support throughout the year.

To all my staff I simply say that the development of our Roper Bar project in record time could not have been done without you. Thank you for your wonderful commitment.

Norm Gardner
Managing Director

REVIEW OF EXPLORATION PROJECTS

LOCATION OF PRINCIPAL COMPANY INTERESTS



Competent persons Statements:

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

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

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

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

ROPER BAR IRON ORE PROJECT

Summary

Since discovery of DSO (Direct Shipping Ore) grade mineralisation at Roper Bar in 2009, WDR has fast-tracked exploration and development and is currently expecting to deliver its first ore shipment in late November 2013. The project will deliver up to 3Mtpa of quality product for at least five years as part of Stage 1 of the project. Furthermore, the project has the capability to expand production in Stage 2 by processing the vast quantities of lower grade resources that have been identified.

Project Development

The 2012-2013 Financial Year marked a series of major milestones in the development of the Roper Bar Iron Project. In approximate chronological order, these included:

- Two new Mining Lease granted, which encompass proposed mining areas and associated infrastructure
- Approval of the Environmental Impact Statement (EIS) under the *Environment Protection and Biodiversity Conservation Act 1999*
- Construction activities, including haul road and mine site infrastructure continued during the unusually dry wet season
- A long term agreement with Wagners Transport Pty Ltd was entered into for the haulage of DSO grade iron ore to the loading facility at Bing Bong.
- The Access Authority for barging operations and Mineral Lease 29628 for the Stockyard at Bing Bong were granted
- Mining works commenced, with waste rock used to construct mine haul roads
- An in-principle agreement on key commercial terms with a Tier 1 off-take partner was reached, subsequently identified as Noble Resources International Pte Ltd
- Mine Management Plans were submitted as the last phase of approvals prior to commencement of full scale mining

Exploration Activities

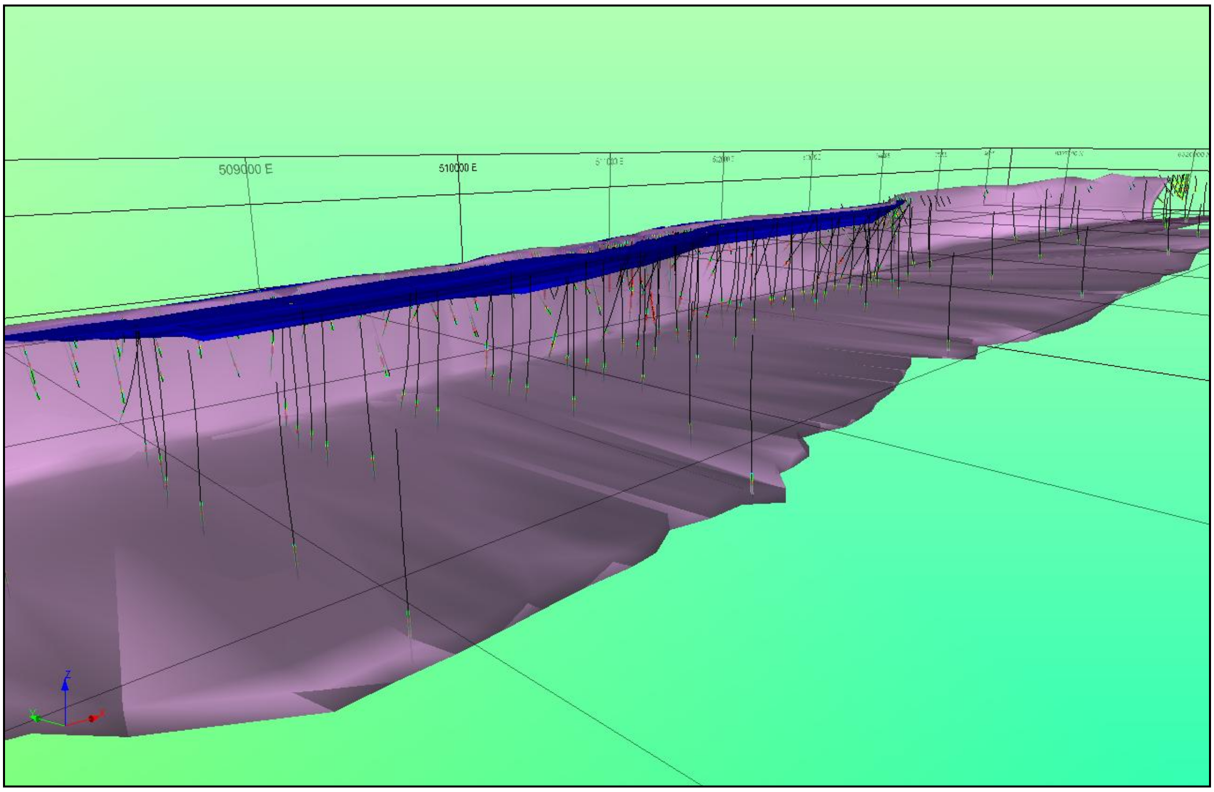
Drilling activities continued during the year with a major focus on resource delineation, as well as extensional exploration and metallurgical drilling. A total of 441 RC holes (40,184m) and 86 diamond holes (3367.5m) were drilled, which has built both size and confidence into the Roper Bar Iron Project. The updated JORC compliant Resources are shown in the following table.

JORC Code Compliant Mineral Resource estimates for Roper Bar (30% Fe Cut-off).

Deposit Area	Classification	Mt	Fe %	$Si0_2$ %	P %	$A1_20_3$ %	LOI %	Published
Area D	Inferred	90.7	37.2	31.5	0.008	3.2	9.6	Oct-2009
Area D (north)	Inferred	116.5	40.3	26.3	0.002	2.2	11.0	Feb-2011
Area E (south)	Inferred	17.5	36.1	30.8	0.003	2.4	12.4	Jun-2012
Area E (south)	Indicated	75.8	38.7	29.9	0.005	2.6	9.9	Jun-2012
Area E (east)**	Inferred	27.6	41.0	26.3	0.004	1.8	10.2	Jun-2012
Area E (east)**	Indicated	15.6	41.2	26.3	0.004	1.9	10.0	Jun-2012
Area E (east)**	Measured	28.3	42.2	26.4	0.004	2.0	8.9	Jun-2012
Area F*	Inferred	216.1	41.3	31.0	0.004	2.9	4.9	Apr-2013
Area F*	Indicated	15.7	47.3	24.9	0.006	2.7	3.0	Apr-2013
Area F*	Measured	7.7	50.0	20.8	0.005	3.4	2.7	Apr-2013
TOTAL		**611**	**40.3**	**29.2**	**0.004**	**2.6**	**8.1**	

* Includes DSO grade of 30.8Mt @ 59.0% Fe, 9.9% SiO_2, 2.5% Al_2O_3, 0.01% P and 2.0% LOI

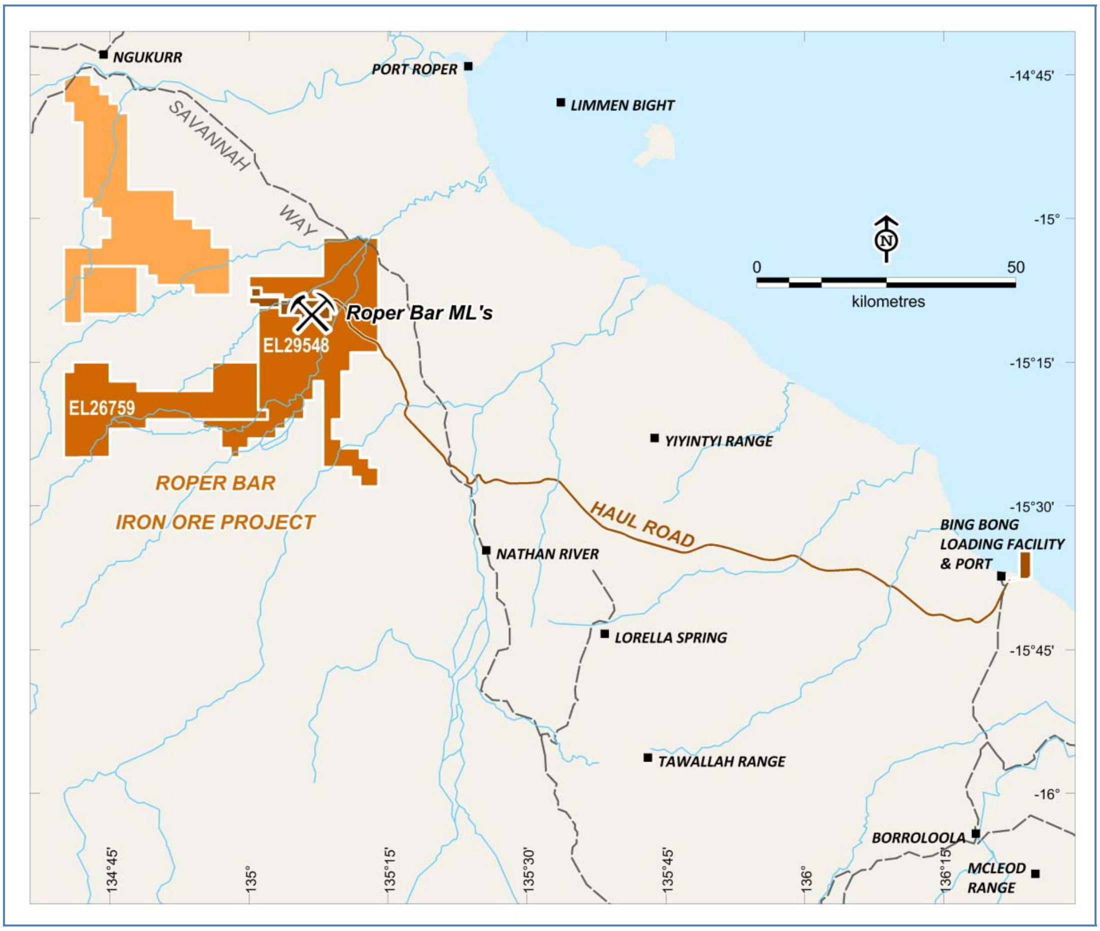
** Includes DSO grade of 16.6Mt @ 54.2% Fe, 15.9% SiO_2, 1.2% Al_2O_3, 0.01% P and 4.0% LOI



Isometric view looking northeast at Roper Bar F-East orebody with drilling and DSO grade pit outline (blue).

Metallurgical testwork on high grade ore has shown that the oolitic hematite ore is soft compared to most iron ores and has a very favourable lump to fines ratio. The extremely low levels of most deleterious elements in the ore means the product is highly desirable in the steel industry. Encouragingly, testwork has shown that a simple gravity beneficiation circuit will be able to process the medium to high grade material at F-East to add to the DSO product.

An important breakthrough in beneficiation of the lower grade resources has come after some years of experimentation, with the treatment of a sample at 38.2% Fe upgrading to a saleable product of 59% Fe using flotation columns. Importantly, the sample tested had less Fe and more SiO_2 than the average contents in the published resources. This result is a pointer to unlocking the vast potential of the low grade resource outcropping in the Sherwin Iron Formation at Roper Bar.



Map showing haul road from Roper Bar mine site to Bing Bong export facility.

Photographs of construction activity:

Haul road pavement construction

Widening of airstrip

Pine Creek bridge

Stockpiled crusher feed material for concrete aggregate

First blast of low grade ore

Little Rosie Creek bridgeworks

Formation work approx. 60km from minesite

Road trains with Construction equipment

MOUNTAIN CREEK PROJECT

Summary

The Mountain Creek Project is a large area of exploration tenure which lies immediately to the northwest of the Roper Bar Iron Ore Project, targeting the same oolitic ironstone unit that hosts the Roper Bar iron deposits. The project consists of EL27143 and EL25688. WDR recognise the potential of this project to provide additional ore sources for the adjacent Roper Bar Project, and as a consequence, WDR completed the purchase of the remaining 30% interest in EL25688, previously held by Tianda Resources (Australia) Pty Ltd., during the year.

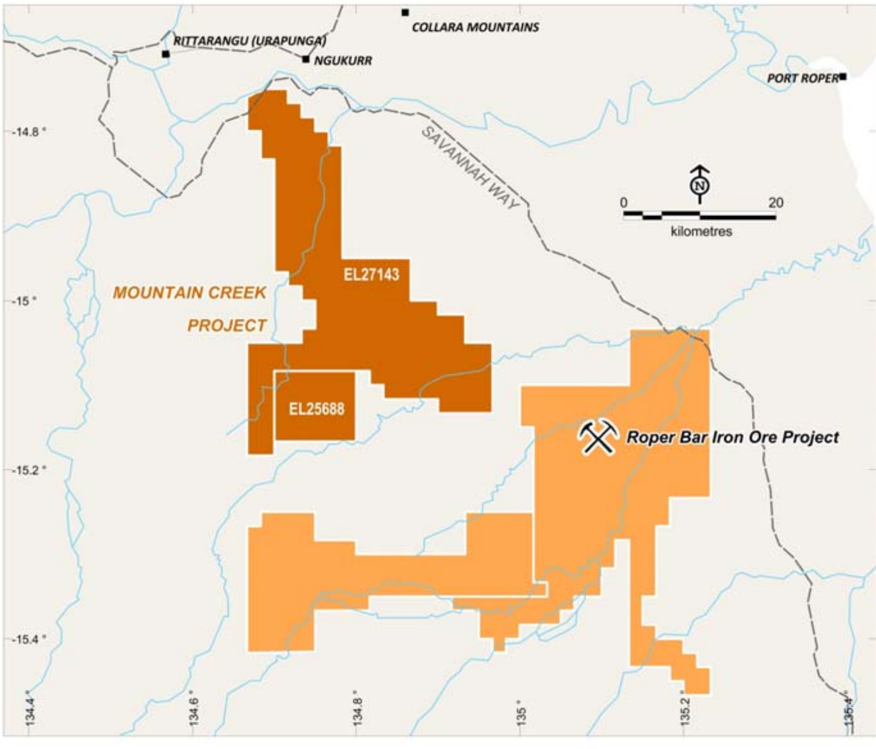
The project is also prospective for McArthur River style base metal mineralisation.

Exploration activities

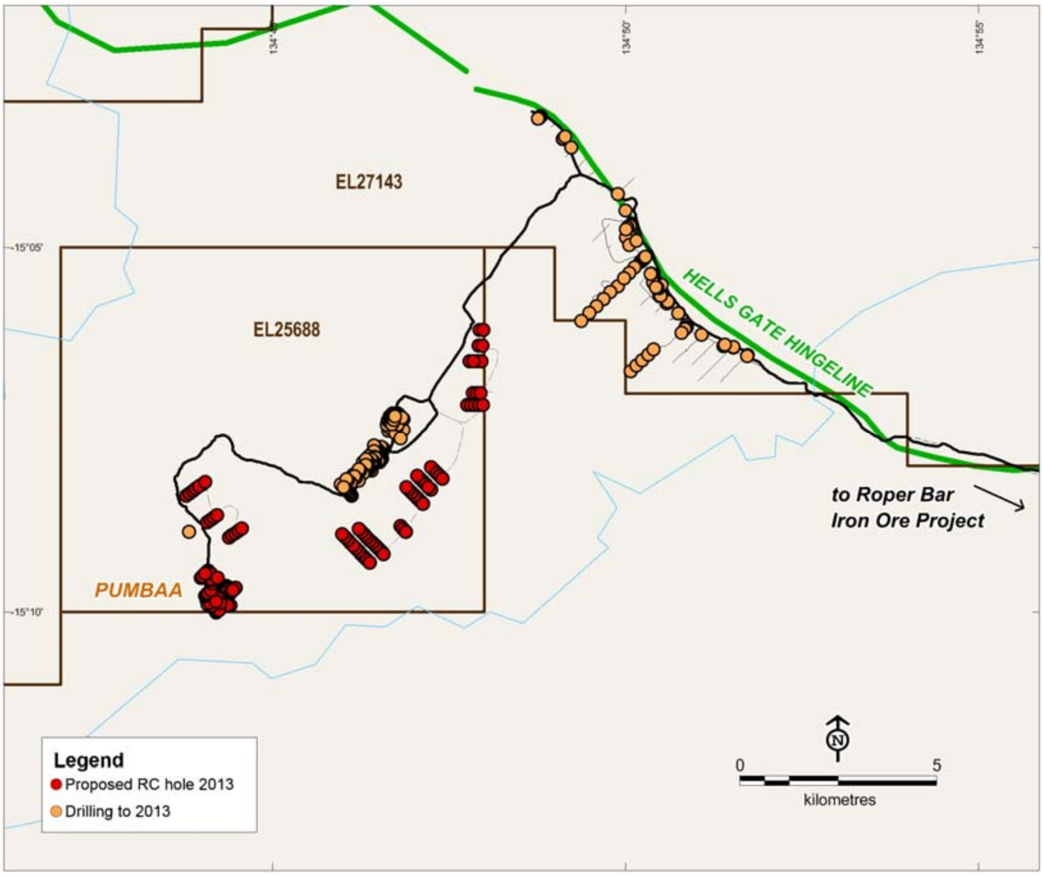
Drilling on EL27143 during the quarter consisted of 32 RC holes for a total of 1973m. Drilling targeted a number of features in the vicinity of the Sherwin Formation outcrop at Mountain Creek, including both flat and steeply dipping segments of iron formation, as well as zones of interest from the Falcon gravity data.

Considerable geological complexity in proximity to the Hells Gate Hingeline was encountered. Interpretation of the results from this area shows a consistent flat-lying layer of medium grade oolitic ironstone which has been folded and contorted into a sub-vertical outcrop. The area continues to show potential to add value to the long term beneficiation project at Roper Bar.

Planning is underway for extensional and exploratory drilling in follow-up of high grade mineralisation encountered at the Pumbaa target on EL25688.



Roper Bar Iron Ore project – Tenement location map.



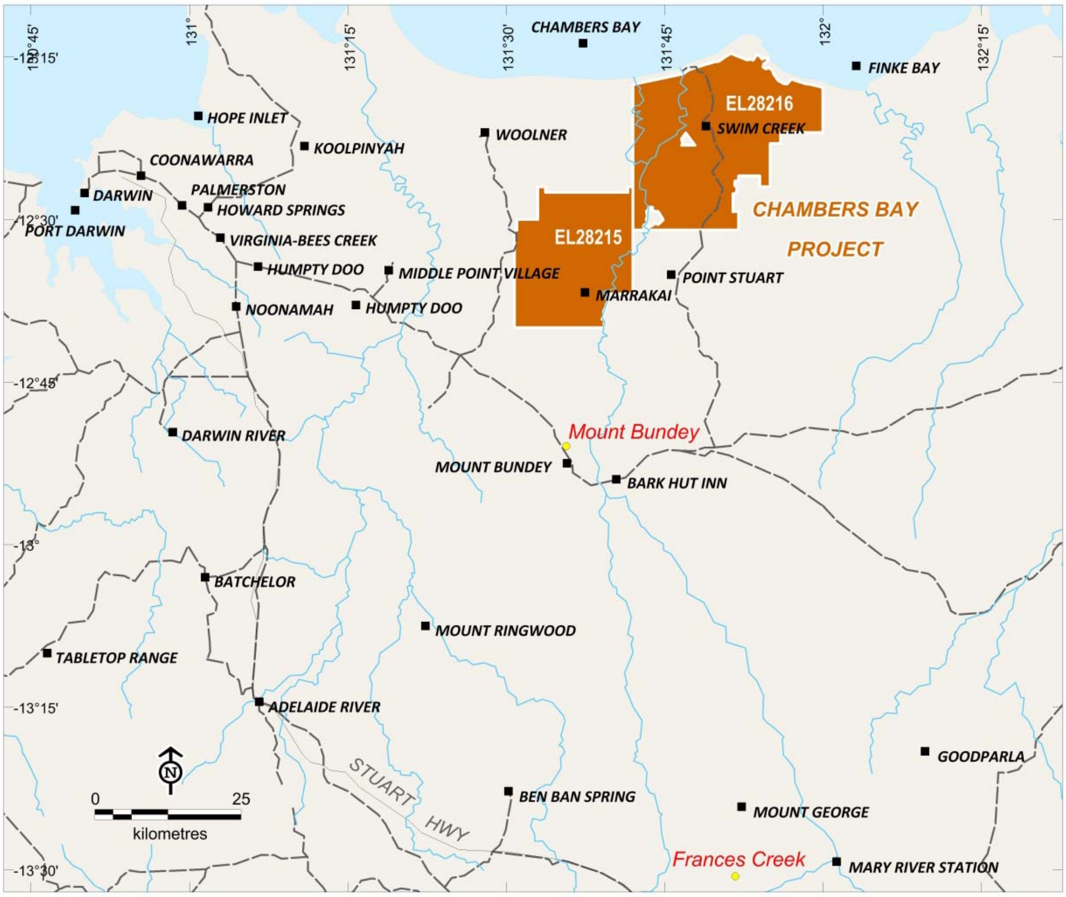
Mountain Creek project – Drillhole location plan.

Mountain Creek project - Reverse Circulation drill rig.

CHAMBERS BAY PROJECT

Summary

The Chambers Bay iron ore project area comprises two granted exploration licences, EL28215 and EL28216, (totalling 1,400km^2) located east of Darwin on pastoral lease. The area has previously been explored for uranium and gold, but not for iron ore, which parallels the exploration history of the Roper Bar Iron ore project area. High grade iron mineralisation at both Frances Creek and Mt Bundy (south of EL28215) appear to be associated with Wildman Siltstone in proximity to granitic intrusives, and this prospective stratigraphy has also been identified on WDR leases. The location is only 80km from Darwin, thereby offering infrastructure and workforce solutions. WDR will commence reconnaissance exploration once the Roper Bar operation is shipping ore.



Chambers Bay project – Tenement location map.

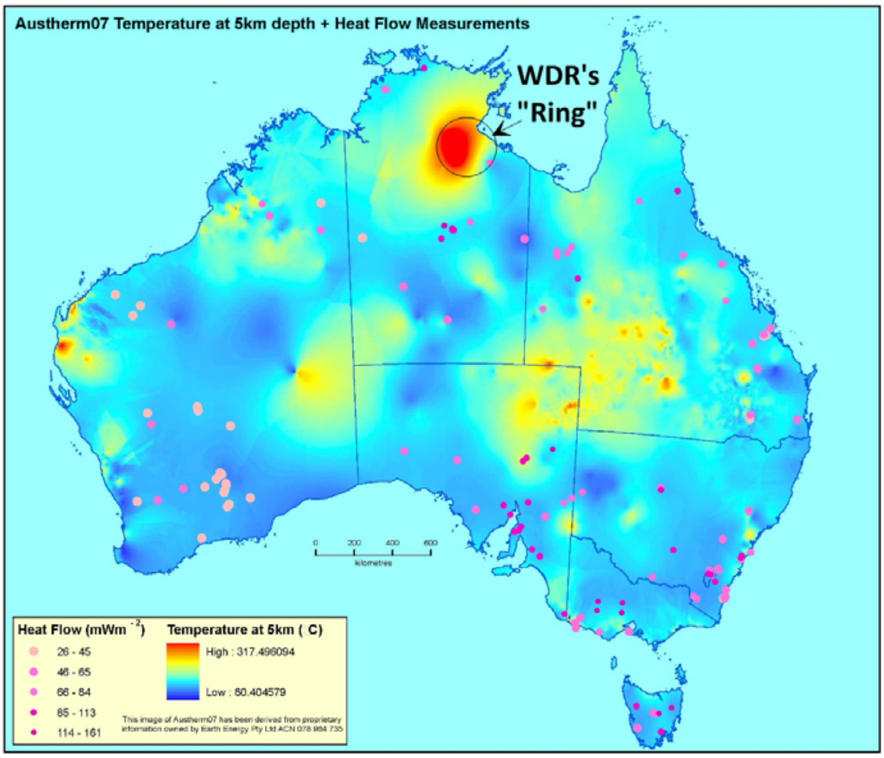
ROPER BAR GEOTHERMAL PROJECT

<u>Summary</u>

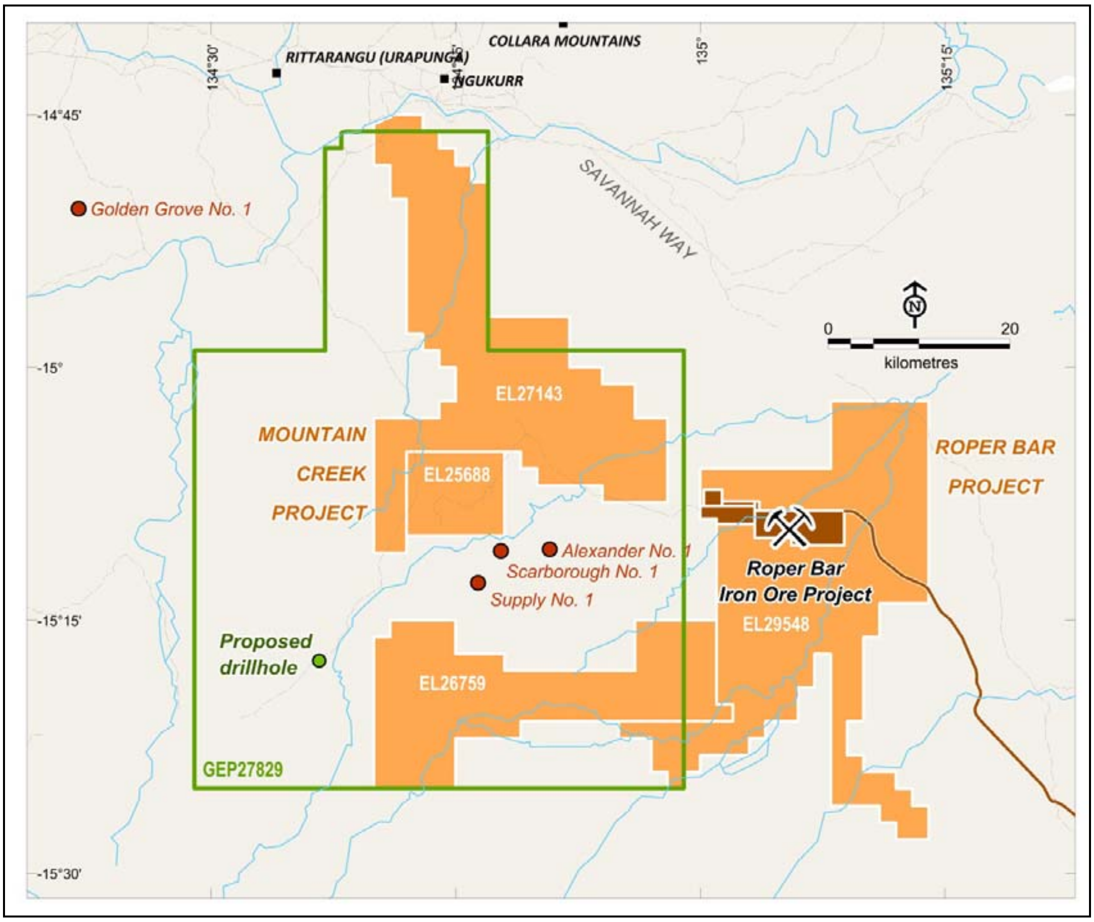
This comprises one granted Geothermal Exploration Permit (GEP27829) located near the Roper Bar Iron Ore Province. WDR began to pursue an interest in geothermal energy in the Roper Bar region following its successful identification of iron ore deposits and a subsequent option study of potential power options. GEP 27829 was strategically chosen to cover potential geothermal targets that may have slightly thickened formations of lower thermal conductivity as well as potential structural targets that may provide enhanced permeability to assist power generation utilising lower temperature geothermal fluids. Preliminary heat flow modelling suggests that surface heat flow in the region could be around 84 mW/m^2, which is significantly higher than expected for a Proterozoic aged basin.

WDR has been successful in its funding application for government-assisted drilling and is currently planning to drill the first ever geothermal hole in the Northern Territory. The planned hole is intended to assess the potential of the region for geothermal energy by addressing some of the key risks, including:

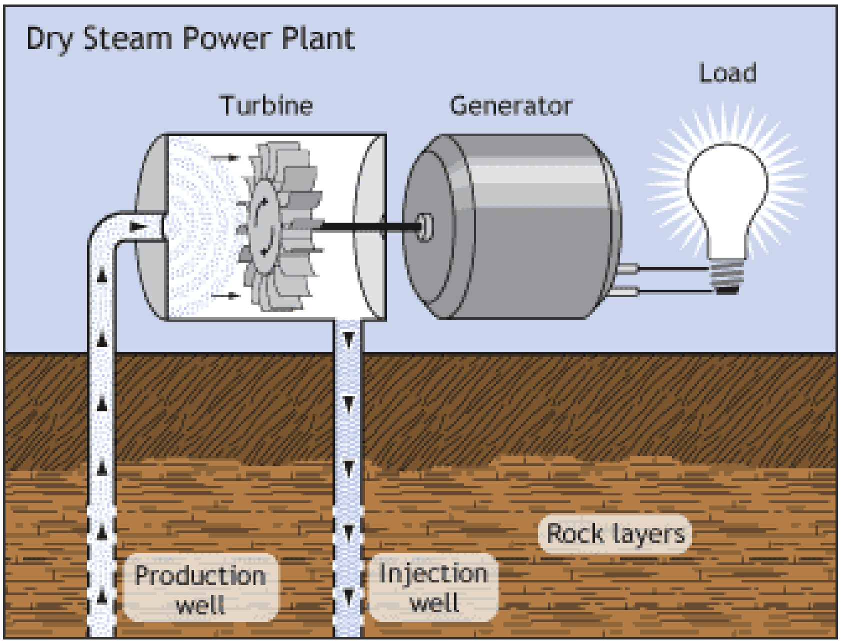
- Identifying the presence of an adequate thermal insulating cover sequence
- The presence of a suitable reservoir
- Temperature at deeper stratigraphic levels



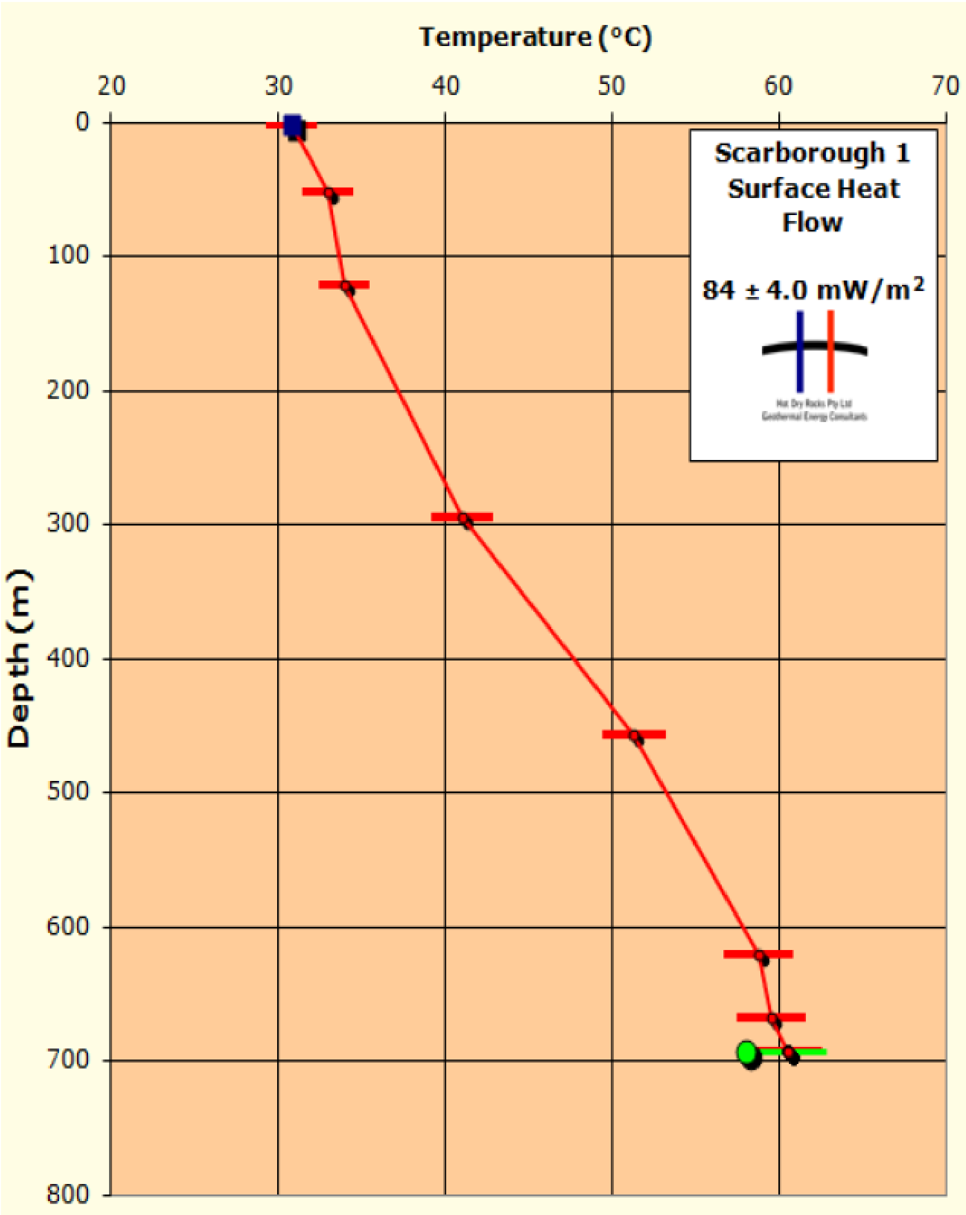
Roper Bar Geothermal project – Map showing temperature anomaly (from Budd, A.R. 2007. Australian radiogenic granite and sedimentary basin geothermal hot rock potential map (preliminary edition), 1:5000,000 scale, Geoscience Australia, Canberra, ACT.



Roper Bar Geothermal project – Exploration permit



Roper Bar Geothermal project - Schematic showing principle of electricity generation from geothermal energy.



Roper Bar geothermal project – Downhole log of temperature from historic petroleum well Scarborough 1, showing increase in temperature with depth.

EAST ROVER COPPER-GOLD PROJECT

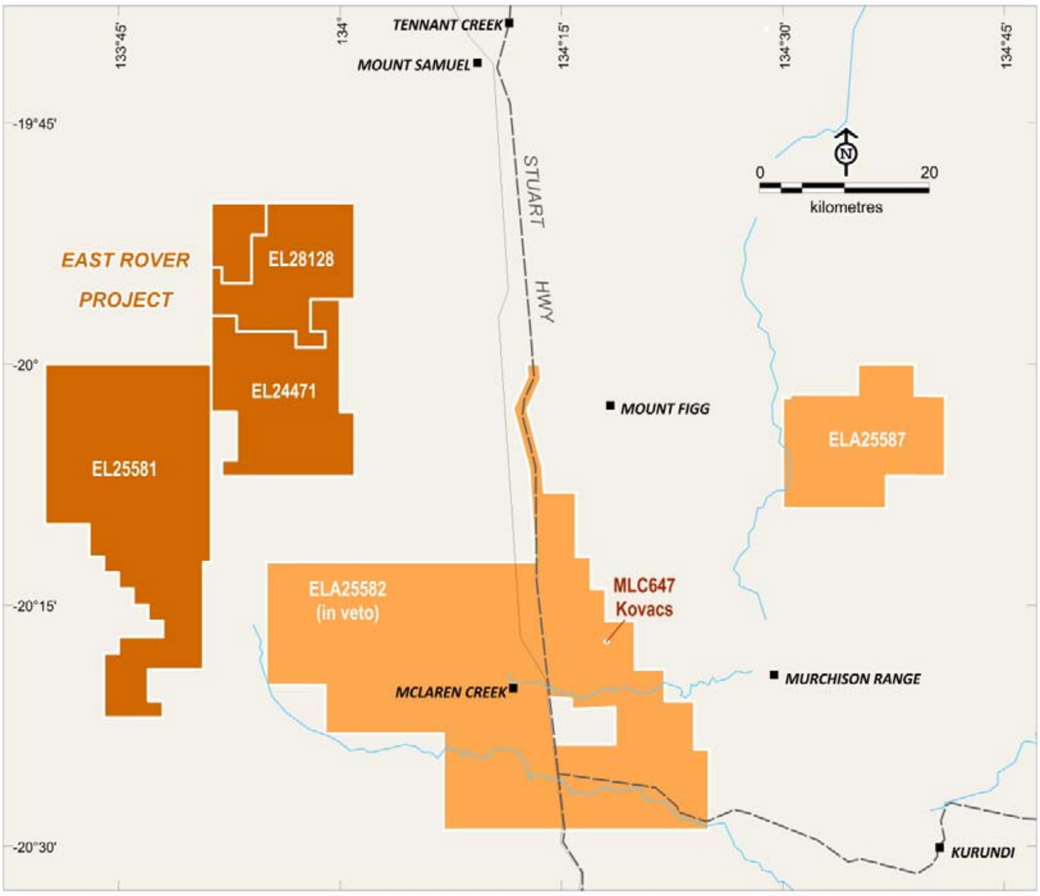
Summary

The Rover Project covers three granted exploration licences in the Tennant Creek district. The Company has earned an 80% interest in two of the licences (EL24471 and EL25581) from Tennant Creek Gold (NT) Pty Ltd (a wholly owned subsidiary of TNG Ltd) and holds one licence (EL28128) outright. The Tennant Creek Goldfields have produced over 160 tonnes of gold and 240,000 tonnes of copper since 1930. The lucrative deposit style is characterised by small tonnages with very high grades.

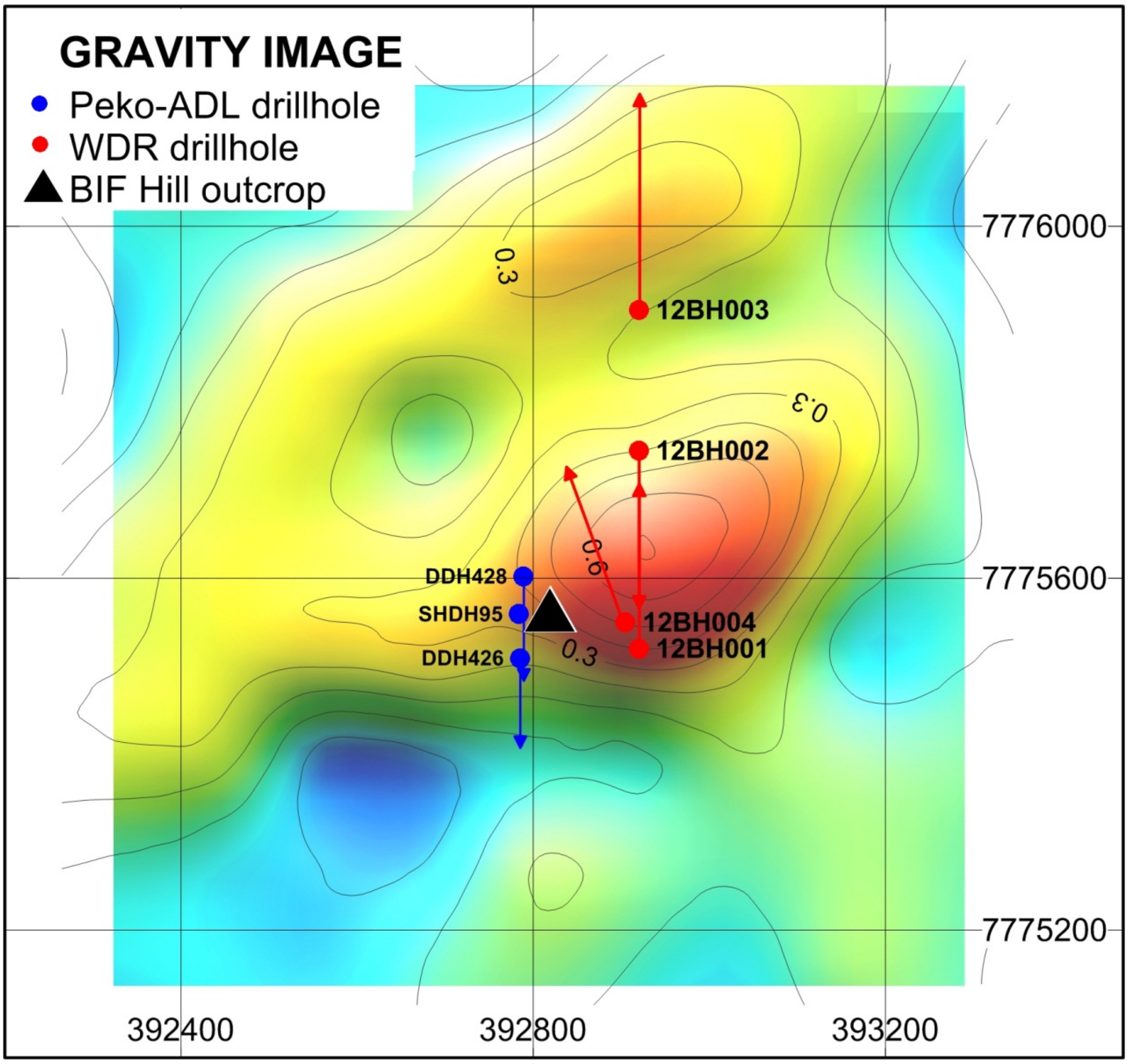
Exploration Activities

BIF Hill Target

Four diamond drill holes (1542.9m) were drilled at the BIF Hill target on prospective gravity and magnetic models which replicate Tennant Creek deposit analogues. Good gold mineralisation was reported in historical drilling (up to 15.2m@ 1g/t Au down hole in DDH428) enhancing the merit of the target. Hole 12BH002 encountered weak gold mineralisation up to 135ppb. Zones of chloritic alteration with pathfinder element anomalism were also encountered, which is typical of mineralised structures proximal to Tennant Creek style ore systems. Weak copper mineralisation was also observed, and the best intersection was 2.4m @ 0.31% Cu (12BH001 111.6m).



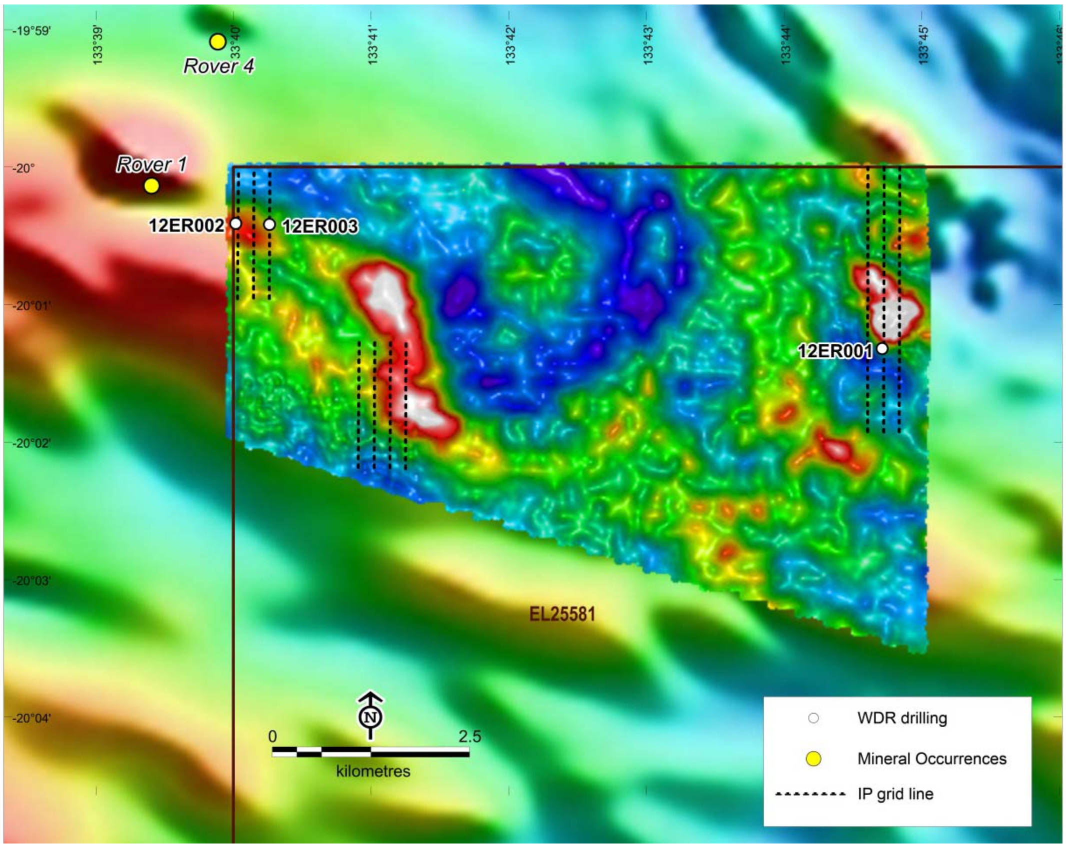
East Rover project – Tenement location map



BIF Hill prospect - gravity image showing location of historical and WDR drill holes.

<u>East Rover Target</u>

An IP survey was carried out at East Rover in order to pinpoint specific targets highlighted in the gravity and EM data and three high priority chargeability anomalies were detected. Three diamond holes were drilled, two sited adjacent to the Rover 1 deposit and one into the densest body modelled near the eastern lease boundary. A total of 1429.8m was drilled. The best intersection was 1.62m @ 108ppb Au in hole 12ER001 (258.38m depth).



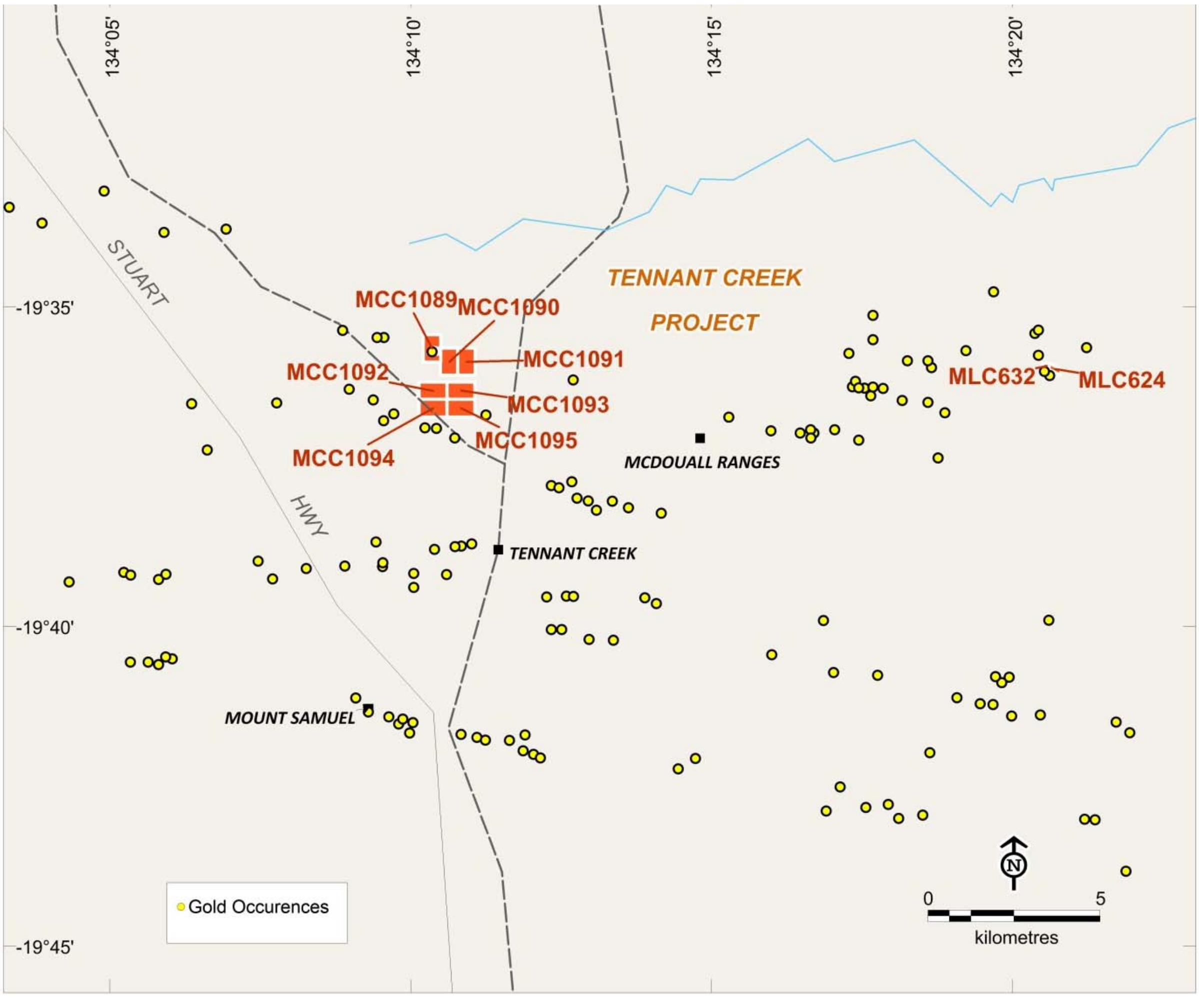
East Rover EL25581 - Location of completed IP traverses and 2012 drill holes over the 2nd order residual gravity image and underlying government sourced total magnetic image.

BIF Hill prospect - Chalcopyrite and bornite mineralisation observed in quartz veining at BIF Hill hole 12BH003 (275m depth)

TENNANT CREEK GOLD PROJECT

<u>Summary</u>

The Company holds a number of small mining leases and mineral claims in the Tennant Creek Goldfield, including Hopeful Star (MLC624), Hopeful Star East (MLC632), Golden Mile (MLC625), Mystery (MCC1089-1091) and M29 (MCC1092-1095). Most of these have produced gold in the past, but have not been explored in recent decades and so have not seen the benefit of modern exploration techniques.

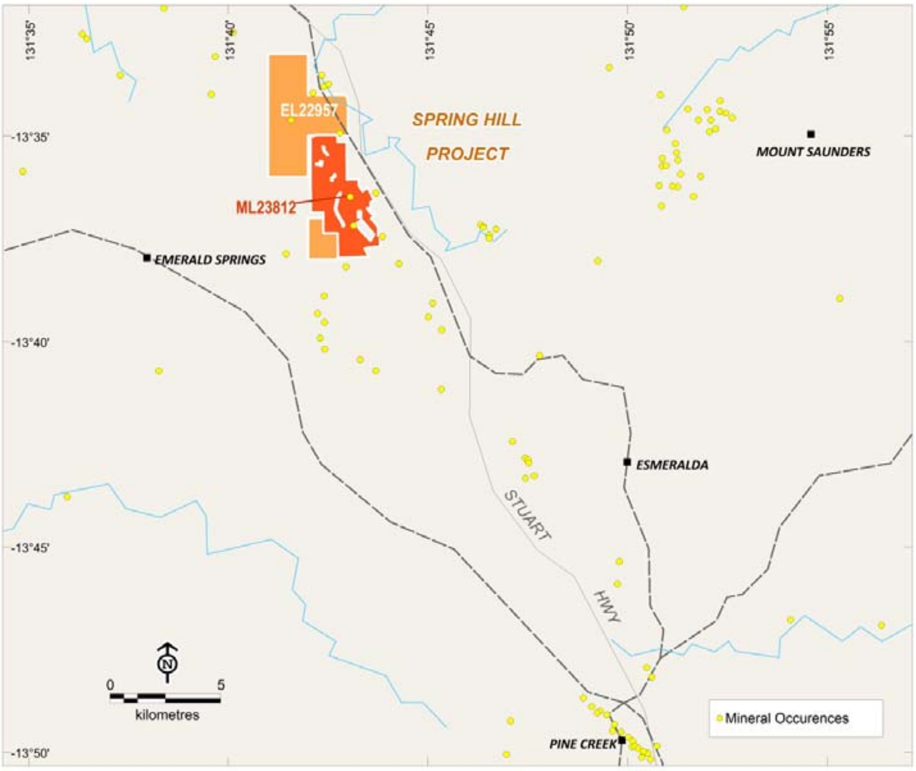


Tennant Creek Gold project – Tenement location map.

SPRING HILL PROJECT

Summary

The Spring Hill Project is a JV held with Thor Mining PLC ("Thor"), on the site of an historical gold mine in the Pine Creek Goldfield, 150 kilometres south of Darwin. The tenement package comprises an 1100 hectare Mining Lease Application (ML23812) surrounded by the 36 square kilometres Exploration Licence (EL22957). Thor is preparing for mine development, commencing within 12 months, following positive results of a study to extract near surface oxide ore. Thor and WDR have a non-binding Memorandum of Understanding with Crocodile Gold Australian Operations Pty Ltd in respect of toll treatment of ore from Spring Hill. Crocodile Gold operates the Union Reefs gold processing facility approximately 20km from Spring Hill and has excess processing capacity.



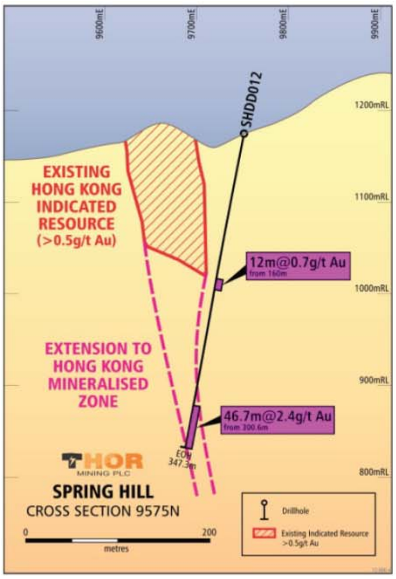
Spring Hill project – Tenement location map.

Exploration and Development

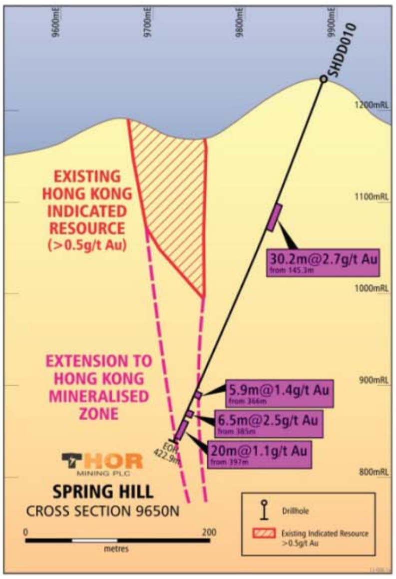
Thor announced further assays from drilling, which included a depth extension in the order of 100m over a strike extent of at least 125m to the gold mineralised system for the Hong Kong lode and suggest an improvement in grade towards the south. Some notable intersections included:

SHDD012 46.7m @ 2.4g/t Au from 300.6m (Hong Kong lode)
- Including 9.4m @ 2.9 g/t Au from 313m
- And 4.0m @ 7.6 g/t Au from 337m

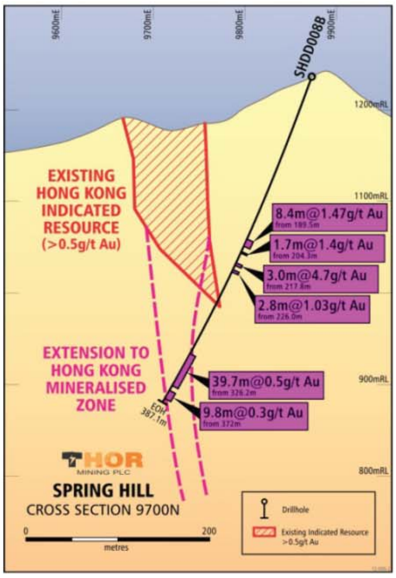
SHDD010: 30.2m @ 2.7 g/t Au from 145.3m (east of Hong Kong lode)
- Including 2.7m @ 17.7 g/t Au from 145.3m,
- and 5.0m @ 4.9 g/t Au from 172m



Section looking N at 9575mN



Section looking N at 9650mN



Section looking N at 9700mN

Spring Hill project - Diagrammatic sections through new results at Spring Hill

A subsequent resource upgrade to the ASX on 20th November, 2012, with a revised resource estimate as shown in Table 2 was announced. The update represents an 11% increase in tonnes and a 9.5% increase in contained metal over the previous estimate completed in 2003.

*Summary of Spring Hill Resource estimate. ** WDR holds 49% equity*

Spring Hill Resource Estimate* - Nov 2012			
Cutoff (g/t Au)	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (000 oz) **
0.5	10.0	1.40	450
1.0	4.0	2.32	300
*All classified as Indicated			

Progress towards mine development includes:

- Notice of Intent (NOI) lodged with the Northern Territory Department of Mines and Energy.
- Initial ore extraction from near surface oxide portion of the resource.
- Plan for up to 900,000 tonnes of ore yielding between 40,000 and 45,000 ounces of gold over a 2 – 3 year period.
- Ore to be delivered to Crocodile Gold Union Reefs processing plant for treatment. Capital cost estimate below A$5million.
- Economic studies and permitting for mining deeper primary ore will continue.

Spring Hill photographs:

Spring Hill project – historical workings.

Spring Hill project – Diamond drill core with quartz vein containing visible gold.

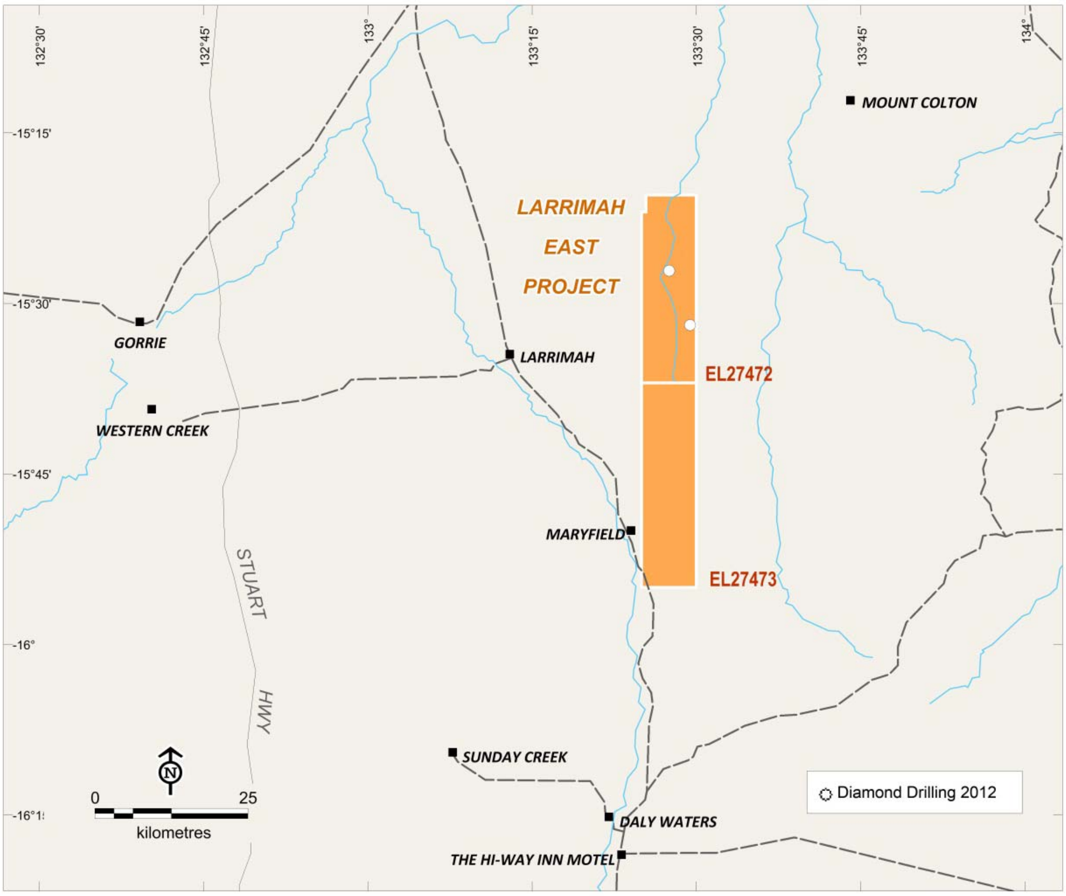
LARRIMAH EAST PROJECT

Summary

The Larrimah East Project comprises two exploration licences, EL27472 and EL27473 (total 692 km^2) in the Dunmarra Basin region, approximately 80km southeast of the town of Mataranka and close to a major transport corridor – the Stuart Highway. The Company is primarily targeting McArthur River style base metal deposits in sedimentary rocks of Proterozoic or Cambrian age.

Exploration Activities

Diamond drilling of the government-assisted exploration program at Larrimah East commenced towards the end of September, targeting two "priority 1" EM conductors. Two diamond holes for 679.4m were drilled, but failed to intersect any significant mineralisation.



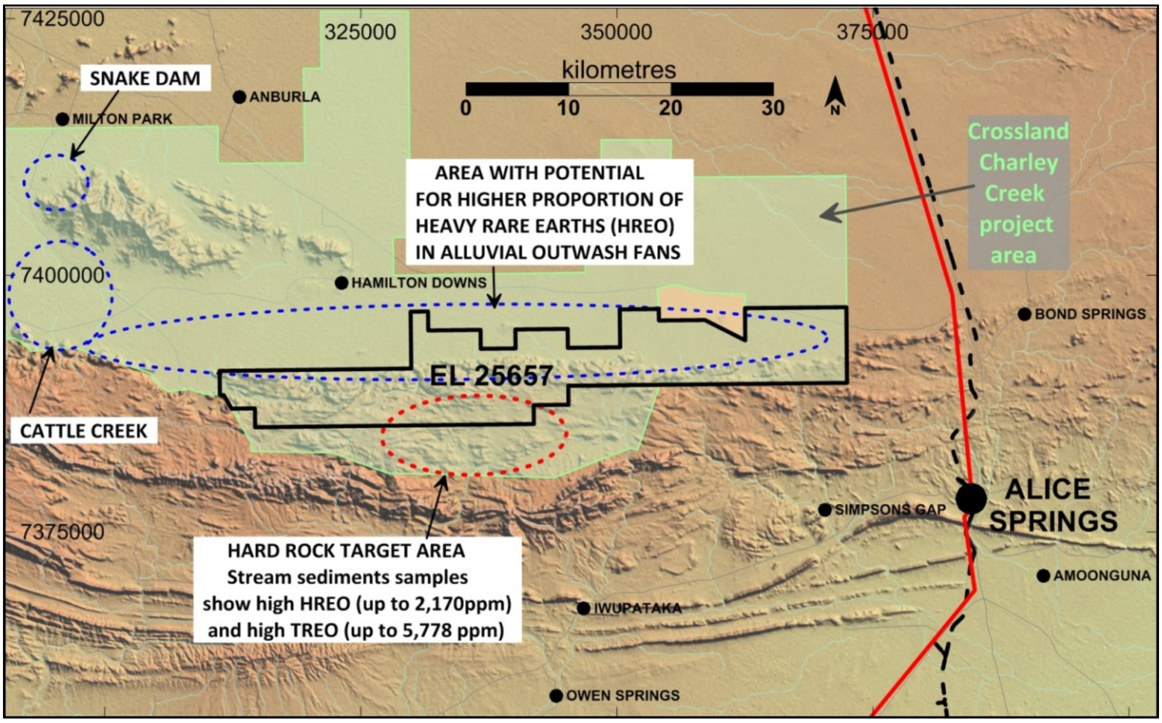
Larrimah East project – Tenement location map

CLOUGHS DAM JOINT VENTURE

The Cloughs Dam Project comprises a single exploration lease, EL25657, to the west-north-west of Alice Springs, and is a joint venture with Crossland Uranium Mines Limited (“Crossland”). The lease is an important part of Crossland's larger Charley Creek Project. Under the terms of the joint venture, which began in 2010, Crossland can earn a 60% interest by spending $500,000 on the project.

Crossland, as operators of the project, received positive outcome of a Scoping Study over the wider Charley Creek Alluvial Rare Earth Project and pending funding and regulatory approvals, estimate that production could commence by mid-2016. The Scoping Study identifies the Charley Creek Project as one of the lowest capital cost Rare Earth Element (REE) projects in the world. It is substantially different to most other REE projects, offering the full spectrum of Light, Medium and Heavy Rare Earths in an easily extractible and readily processable form. The project is very scaleable, and could provide a stable supply of REE, including a substantial proportion of Heavy REE, for many decades.

The advancement of the Charley Creek Project through Scoping and EIS studies is a positive sign for the future development on EL25657, as the alluvial fans which host the REE mineralisation extend into EL25657, where there is also potential for primary REE mineralisation. Crossland commissioned an airborne magnetic-radiometric survey during the year, which covered EL25657 and are planning to follow up with aircore drilling and ore characterisation work.



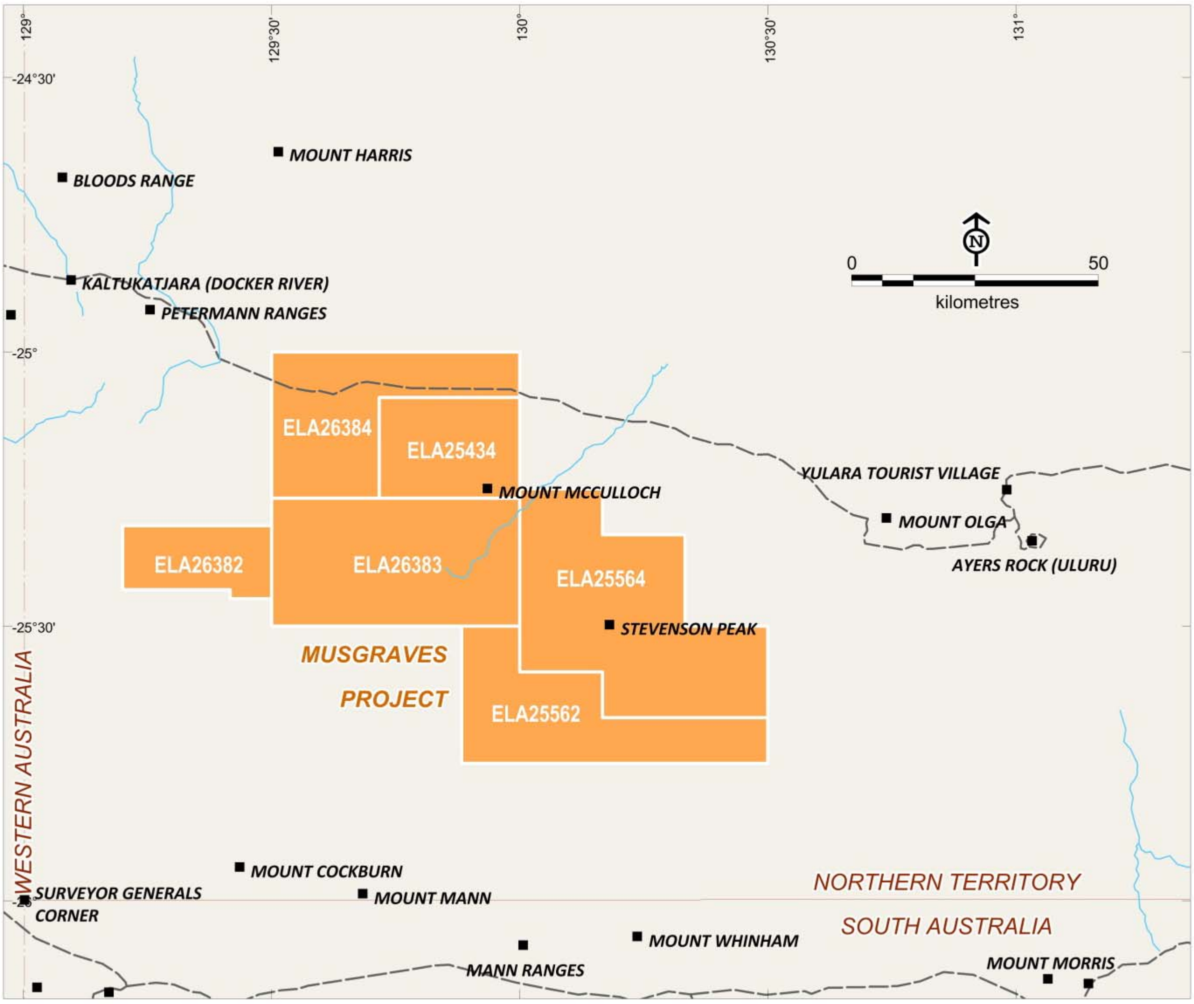
MUSGRAVES JOINT VENTURE

Summary

The Musgraves JV Project comprises six exploration licence applications covering almost 5,700 square kilometres of Aboriginal freehold land. Five of the exploration licence applications are subject to a Joint Venture with Tennant Creek Gold (NT) Pty Ltd.

The Project is near the West Australian and South Australian borders and part of the barely explored Musgrave Block. The geological equivalents in Western Australia have delivered exploration success in recent years for nickel and gold. On the basis of studies carried out by government agencies, the Musgraves are highly prospective for gold, base metals, rare earths and nickel.

All of the Musgraves Project ground is Aboriginal freehold land. The Company continues to negotiate with the Central Land Council for a Deed of Exploration with the first meetings held with Traditional Owners in 2010. It is anticipated that an Exploration Deed can be concluded in 2013. This will allow the first commercial investigations of the land to commence in the modern exploration age.



Musgraves Joint Venture project – Tenement location map

Schedule of Exploration and Mining Tenements held as at 30 June 2013.

Project Name	Tenement	Tenement Name	Area Sq. km	Registered Holder or Applicant	Nature and % of Company's Interest	Joint Venture Partner
Roper Bar	EL29548	Roper Bar (Amalgamated)	748.81	WDR Iron Ore Pty Ltd	100%	
Roper Bar	EL26759	St.Vidgeon South	396.74	WDR Iron Ore Pty Ltd	100%	
Mountain Creek	EL27143	Mountain Creek	615.88	WDR Iron Ore Pty Ltd	100%	
Mountain Creek	EL25688	Tianda	99.47	WDR Iron Ore Pty Ltd	100%	
Roper Bar	AA29691	Haul Road	333.70	WDR Iron Ore Pty Ltd	100%	
Roper Bar	AA29692	Bing Bong Port	12.94	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML28264	Mineral Lease (Mining – East)	34.07	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML28266	Mineral Lease (Airstrip)	3.60	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML28267	Mineral Lease (Main Camp)	1.80	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML28962	Mineral Lease (Mining Services)	0.50	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML28963	Mineral Lease (Mining –West)	10.92	WDR Iron Ore Pty Ltd	100%	
Roper Bar	ML29628	Bing Bong Stockyard	1.41	WDR Iron Ore Pty Ltd	100%	
Chambers Bay	EL28215	Chambers Bay West	424.94	WDR Iron Ore Pty Ltd	100%	
Chambers Bay	EL28216	Chambers Bay East	674.53	WDR Iron Ore Pty Ltd	100%	
East Rover JV	EL24471	Explorer	307.26	TNG Limited	80% (a)	TNG Limited
East Rover JV	EL25581	Rover	566.63	TNG Limited	80% (a)	TNG Limited
East Rover JV	MLC647	Kovacs	0.08	TNG Limited	80% (a)	TNG Limited
Spring Hill JV	ML23812	Spring Hill	10.35	WDR Gold Pty Ltd	49% (c)	Thor Mining PLC
Spring Hill JV	EL22957	Spring Hill	16.68	WDR Gold Pty Ltd	49% (c)	Thor Mining PLC
Antrim Area 8	EL27472	Larrimah East	271.40	WDR Gold Pty Ltd	100%	
Antrim Area 8	EL27473	Maryfield East	297.48	WDR Gold Pty Ltd	100%	
Tennant Creek	MLC624	Hopeful Star	0.05	WDR Gold Pty Ltd	100%	
Tennant Creek	MLC632	Hopeful Star	0.04	WDR Gold Pty Ltd	100%	
Tennant Creek	MLC625	Golden Mile	0.08	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1089	Mystery M29	0.36	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1090	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1091	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1092	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1093	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1094	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Tennant Creek	MCC1095	Mystery M29	0.40	WDR Gold Pty Ltd	100%	
Rover	EL28128	Kelly Well	184.59	WDR Base Metals Pty Ltd	100%	
Crossland JV	EL25657	Clough's Dam	397.56	WDR Base Metals Pty Ltd	100% (b)	Crossland Nickel Pty Ltd
Geothermal	GEL27829	Roper Bar	3010.27	Western Desert Resources Ltd.	100%	

(a) *Interest earned at 80% - awaiting completion of transfer.*
(b) *Crossland Nickel Pty Ltd can earn up to 60% interest subject to the spending of $500,000 over a 3 year term.*
(c) *Thor Mining PLC has 51% ownership with the right to earn up to 80% of the project.*

Note: This listing does not include Exploration License Applications being pursued by the Company.

DIRECTORS' REPORT

The Directors of Western Desert Resources Limited submit herewith the annual report of the company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND OFFICERS

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

Richard Hugh Allert AO *– Chairman of the Board (Appointed 27th January, 2011)*

Mr. Allert is currently a Director of AMP Limited, AMP Bank Limited, Genesee & Wyoming Australia Pty Ltd., Genesee & Wyoming Inc., Cavill Power Products Pty Ltd., and RG & RT Trott Pty Ltd (Wirra Wirra Wines). Mr. Allert is Chairman of The Aboriginal Foundation of South Australia, Chairman and non-executive Director of Ikara Wilpena Enterprises Pty Ltd and Wilpena Pound Aerodrome Services Pty Ltd.

Mr. Allert was formerly Chairman and Director of Coles Group Limited, Southcorp Limited, Voyages Hotels & Resorts Pty Ltd., AXA Asia Pacific Holdings Limited and the AustralAsia Railway Corporation.

Norman Wayne Gardner *– Managing Director (Appointed 20th October 2006)*

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

Graham John Bubner BSc*(Hons) - Executive Director (Appointed 20th October 2006)*

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

Graham is a member of the Australian Society of Exploration Geophysicists, Society of Economic Geologists and the Australian Institute of Geoscientists.

Michael Kevin Ashton *– Non-Executive Director (Appointed 1st May, 2009)*

Mick Ashton was a founding Director of the company rejoining the Board in 2009. He owns a timber manufacturing business located in South Australia and is a major shareholder in a successful exploration drilling company located in Victoria, which has both Australian and international activities. Mick has extensive knowledge and experience in the exploration and mining industries, which dates back 40 years.

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

Phillip Clive Lockyer *– Non Executive Director (Appointed 1st June, 2010)*

Phil Lockyer has more than 40 years' experience in the minerals industry and has held managerial positions in nickel, gold, lead and zinc operations, including managerial positions with WMC Resources Limited; Executive Director of Operations and Projects for Dominion Mining Limited; and Executive Director of Operations for Resolute Limited. A graduate from the WA School of Mines (Mining Engineering) and the former Ballarat School of Mines (Metallurgy), Mr Lockyer is currently Director of the Minerals and Energy Research Institute of W.A. and is non-executive Director of St Barbara Limited, Focus Minerals Limited, Swick Mining Services Limited and RTG Mining Inc.

Phil is a Chartered Professional (Management) of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Scott Douglas Perrin *– Non-Executive Director (Appointed 24th June, 2011)*

Scott Perrin was admitted as a Solicitor in 1988 where he practiced in the area of Banking and Securities. He was a major shareholder and Director of Billabong International Limited until July 2000, which he guided in the transition from a family owned business through to an ASX listed entity.

Scott is currently a Director of Perrin Legal Pty Ltd. and Permat Holdings Pty Ltd.

David John Cloke *FCA - Non-Executive Director (Appointed 20th October 2006)*

David Cloke was a founding Director of the company and its Company Secretary until June 2007. He was a partner with Deloitte's for 30 years and has had over 40 years' experience in the accounting profession in Australia and Central Africa. He was Managing Partner of Deloitte's three offices in the Northern Territory and a member of that partnership's national management board in Australia. David.Cloke retired on 29th November 2012.

Laurie Ackroyd *— Company Secretary (Appointed 14th April, 2009)*

Mr Laurie Ackroyd was appointed as Chief Financial Officer and Company Secretary in April 2009. Laurie is an accountant with over 45 years' experience in the building services, manufacturing and transportation industries where he has held Director, Senior financial executive and Company Secretarial positions. Laurie resigned from the position of Chief Financial Officer in January 2013 and remains with the Company on a part time basis as Company Secretary.

***Directorships of other listed companies*:**

Name	Company	Period of Directorship
R H Allert AO	AMP Limited	Since 31 March 2011
	Genesee & Wyoming Inc.	Since July 2011
M K Ashton	Thor Mining PLC	Since April 2008
P C Lockyer	St Barbara Limited	Since December 2006
	Focus Minerals Limited	Since December 2005
	CGA Mining Limited	Since January 2009
	Swick Mining Services Limited	Since February 2008
	RTG Mining Inc.	From 28 March 2013

Principal Activities

The principal continuing activity of the consolidated entity is the exploration for iron ore, gold, base metal and other economic mineral deposits, and the development construction for Mining and hauling Operations at the Roper Bar iron ore project, Northern Territory.

Financial Results

The net result of operations for the year was a loss after income tax of $6,168,791 (2012: $3,363,200)

Dividends

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

REVIEW OF OPERATIONS AND LIKELY FUTURE DEVELOPMENTS

a) Overview

The major activities of the Company were clearly focused upon the Roper Bar Iron Ore project following the decision taken to mine in the middle of last year. The Company also continued with exploration on its other tenements held for the objective of identifying iron ore, manganese, gold, base metals and other economic mineral deposits. The major activities of the Company were very clearly focused upon the Roper Bar Iron Ore project following the decision taken to mine in the middle of last year.

In respect of the Roper Bar, Northern Territory Iron Ore project the Company has significantly identified and enhanced the level of resources at the project site and has developed the project towards the objective of a first shipment of iron ore in the last quarter of calendar year 2013. This has entailed processes to obtain the required approvals, permits and agreements covering Native Title, Grant of Mining Leases and Mining Management plans, Environmental Impact studies, haul road access, stockyard and port leases, engagement of contractors for the development of the mine site, haulage road and port facilities. At the end of the financial year the Company was focused on arranging Project Financing to enable completion of the development and procuring an Off-Take Agreement for the iron ore.

b) Review of Operations during the year:

<u>Milestone achievements:</u>

Major achievements during the year include:

- Approval by the Northern Territory and Federal Governments of the Company's Environmental Impact Statement.
- Northern Territory Government approvals of mining leases and haul road from our mine site to the loading facility at Bing Bong.
- Significant upgrades in the level of Direct Shipping Ore Mineral Resource and JORC compliant Measured, Indicated and Inferred Mineral Resource estimate.
- Announcement of an Off-take agreement for 100% of the iron ore output with Noble Resources International Pte Limited for a term of 5 years.
- Significant progress with development of the haul road, camp and mine site, bridge works and the supporting infrastructure.
- Mine and Infrastructure development:

  At 30th June 2013 capital works have been completed or are significantly advanced on the Roper Bar main camp infrastructure development, the accommodation section, extension of airstrip, pit designs and construction. The 165 kilometre haul road from the mine site to the port of Bing Bong loading facility was approximately 50% complete and further advanced since 30th June 2013. Bridge works are underway. During the first half of 2013-2014 work will focus upon the completion of the haul road, bridgeworks, the stockyard facilities and conveyor systems at the port. Arrangements and agreement on barging facilities from Bing Bong to ocean going vessels are well advanced.
- Project Finance approved to enable completion of the development project.

<u>Divestment</u>:

In April 2013 a further stage in the divestment of the Spring Hill gold project to a subsidiary entity of Thor Mining PLC was completed. The 26% interest was sold for an exchange of 21.67 million Thor CDI's (held in escrow for 12 months) and the spending of $1,500,000 by Thor Mining PLC on the project.

Thor Mining PLC, pursuant to a Sale, Purchase and Option Agreement entered into in February, 2011, has the right to earn up to an 80% interest in the project subject to staged expenditure and the issue of additional Thor shares to WDR. Thor currently has a 51% interest in the project.

Towards the end of the financial year Thor Mining PLC announced to the market that it is preparing for mine development, commencing within the next 12 months, following positive results of a study to extract near surface oxide ore from the Spring Hill project.

During the year the Company released exploration tenements that were deemed to be of no further economic value.

Exploration and resource levels:

Exploration drilling during the year has been focused largely upon the Roper Bar project. On 5th April, 2013 the Company announced to the market upgraded resources that included 30.8 million tonnes of Direct Shipping Ore (DSO Grade) and a global mineral resource estimate at the Roper Bar project of 611 million tonnes.

The company plans to continue with further drilling exploration work and in-fill drilling at the Roper Bar project.

Capital raising:

During the year the following capital raising activity has occurred:-

An Entitlement Offer to existing shareholders on the basis of one new share for every ten held closed on 16th August 2012. Acceptances were received for 2,326,826 new shares which raised $1,628,779 (before costs). The fully underwritten offer resulted in an allotment of 19,555,094 new shares raising a further $13,688,566 (before costs) on settlement during December 2012.

A share placement, announced on 26th June 2012 planned to raise up to A$87,500,000 through a combination of a placement of new shares and options to professional and sophisticated investors. Proceeds of the first tranche of the placement were received on 29th June 2012 and 16,000,000 new shares, raising $11,200,000 (before costs) were allotted on 2nd July 2012. The second tranche was subject to approval by shareholders at a General Meeting of the Company held 10th August 2012. Following that approval the company received $58,800,000 (before costs) on 15th August 2012 and 84,000,000 new shares were allotted on 16th August 2012.

The placement shareholders were issued with options, on the basis of 1 new share for every 4 shares subscribed, at a price of 70c per share that were required to be exercised between 22nd October 2012 and 2nd November 2012. The exercise of these options raised $11,446,756 (before costs) and 16,352,508 new shares were allotted on 5th November 2012.

Employees and a retiring Director exercised options through the year which raised $1,282,252 and resulted in the issue of 3,800,000 new shares.

On 11th July, 2013 the Company announced a share placement to sophisticated and institutional investors to raise $17,401,827 (before costs) for the continued development of the Roper Bar iron ore project. 31,639,686 new shares were allotted on 16th July, 2013.

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

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

On 6th September 2013 the company announced to the market that it had signed agreements for Macquarie Bank Limited to provide all remaining project debt finance for construction of the Roper Bar iron ore mine in the Northern Territory.

On 20th September 2013 the company announced that it has agreed to issue approximately 46.15 million new ordinary shares at an issue price of $0.65 per share to sophisticated and institutional investors to raise gross proceeds of $30 million. In addition to this Placement, WDR will be offering all WDR shareholders the opportunity to subscribe for new shares under a Share Purchase Plan. Under this Plan each WDR shareholder will be offered the opportunity to subscribe for up to $15,000 of new shares at an issue price of $0.65 per share. The funds raised under the Placement and the Share Purchase Plan will replace funding previously to be provided by way of revolving credit facility from Noble Resources International Pte Ltd and this will add strength to the company's Balance Sheet and reduce reliance upon debt. These equity raisings are subject to the approval of Shareholders at the Annual General Meeting.

Acceptance of the Macquarie debt facility and additional equity will finance completion of the Stage 1 Direct Shipping Ore ("DSO") grade mining and construction operations for the project.

ENVIRONMENTAL DEVELOPMENTS

The consolidated entity carries out exploration activities on its properties in the Northern Territory. No mining activity had been conducted by the consolidated entity on its properties during the year. The consolidated entity's exploration operations are subject to environmental regulations under the various laws of the Northern Territory and the Commonwealth.

While its exploration activities to date have had no environmental impact, the consolidated entity has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

DIRECTORS AND OFFICERS SHARE AND OPTION HOLDINGS

The following table sets out each director and officer's relevant interest in fully paid ordinary shares and options in the company as at 30th June 2013.

Directors & Officers	Fully paid ordinary shares - Number	Listed Options to acquire ordinary shares - Number	Unlisted Options to acquire ordinary shares - Number
R H Allert AO	935,000	-	3,000,000
N W Gardner	8,361,263	-	6,000,000
G J Bubner	4,203,101	-	3,000,000
P C Lockyer	220,000	-	2,000,000
M K Ashton	17,622,056	-	3,000,000
S D Perrin	40,000,000	-	10,000,000
L Ackroyd	200,000	-	1,200,000
	71,541,420	-	28,200,000

The above table includes shares held by related parties of Directors and Officers.

REMUNERATION REPORT (AUDITED)

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

Director and other key Management Personnel Details:

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

R H Allert AO	(Non-executive Director and Chairman)	
N W Gardner	(Managing Director)	
G J Bubner	(Executive Director)	
P C Lockyer	(Non-executive Director)	
M K Ashton	(Non-executive Director)	
S D Perrin	(Non-executive Director)	
D J Cloke	(Non-executive Director)	*Retired 29th November 2012*

The following persons acted as Key Management Personnel of the Company during the financial year:

Andrew Bennett	(Exploration Manager) – Appointed 24 January, 2011.
Laurie Ackroyd	(Company Secretary) – Appointed 14 April 2009, retired as Chief Financial Officer January 2013).
Patrick Collins	(General Manager - NT Operations) – Appointed 21 November 2011.
Graham Younge	(Mining Engineer) – Appointed 23 January 2012 – (Resigned 7 December 2012).
Claude Severino	(Roper Bar Project Manager) – Appointed 10 October 2011

Relationship between the Remuneration Policy and Company Performances

There is no link between the company's performance and the setting of remuneration except as discussed below in relation to options granted to directors and key personnel. Bonuses have been paid during the year to key performers to reward high performance and achieving key strategic outcomes.

Remuneration Philosophy

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

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

Performance is measured through the monitoring of achievement goals set by the Directors from time to time which include, but are not limited to, financial budgets, operational targets, exploration work carried out, development of the Roper Bar project and other key strategic outcomes.

Compensation Policy

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

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

Performance Conditions

Performance conditions are determined by the Non-Executive directors in consultation with the Managing Director. The Directors have determined that after consideration of industry practice in circumstances where recognition of sound achievement should not only be recognised but also warrants further incentive, the Board considers the granting of non-listed options to Directors and other key personnel as responsible practice.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholders wealth for the six years since incorporation:

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Revenue	-	-	-	$750,000	$2,008,390
Net loss before tax	$6,168,791	$3,363,200	$2,001,381	$2,034,540	$7,078,377
Net loss after tax	$6,168,791	$3,363,200	$2,001,381	$2,034,540	$7,078,377
Share price at start of year	0.755	0.295	0.31	0.12	0.22
Share price at end of year	0.69	0.755	0.295	0.31	0.12
Basic loss per share - cents	(1.85)	(1.59)	(1.34)	(1.60)	(3.25)
Diluted loss per share - cents	(1.85)	(1.59)	(1.34)	(1.60)	(3.25)

Non-executive Director Remuneration

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

Currently, the Non-Executive Directors fee is set at $45,000 per annum plus the statutory superannuation contribution. A fee of $100,000, inclusive of the Statutory superannuation contribution, per annum is payable to the Chairman to reflect the additional day to day duties and involvement. These fees are unchanged from the previous year.

In addition, certain Directors or their associated related entities receive amounts as set out in consultancy agreements with the Company. Details of amounts paid to related entities of non-executive Directors are set out in the section headed "Service and Key Management Agreements". In addition, non-executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors or otherwise in the execution of their duties as Directors.

Managing Director and Remuneration

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

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

***Summary of amounts paid to Directors and Key Management Personnel*.**

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

2013	Salary, Fees and Bonuses.	Post Employ-ment Super - annuation	Total employee benefits Salary & Fees	Share Options Granted during the year*	Exercise Price	Expiry Date	Options (based upon Black-Scholes formula)*	Total Benefit.	% of compensation for the year consisting of options.
	$	$	$	Quantity	$	Date	$	$	
Directors:									
R H Allert AO	91,743	8,257	100,000	0				100,000	-
N W Gardner	530,000	31,050	561,050	0				561,050	-
G J Bubner	260,000	22,500	282,500	0				282,500	-
D J Cloke [1]	18,750	1,687	20,437	0				20,437	-
M K Ashton	45,000	4,050	49,050	0				49,050	-
P C Lockyer	45,000	4,050	49,050	0				49,050	-
S D Perrin	45,000	4,050	49,050	0				49,050	-
Key Personnel:									
P J Collins	276,873	20,925	297,798	0				297,798	-
A P Bennett	247,308	18,658	265,966	0				265,966	
C Severino	271,308	19,108	290,416	350,000	0.80	10/10/2014	107,310	397,726	26.98%
G Younge [2]	190,765	13,568	204,333	0				204,333	-
L Ackroyd [3]	292,003	22,320	314,323	0				314,323	-
				0					
Total 2013	**2,313,750**	**170,223**	**2,483,973**	**350,000**			**107,310**	**2,591,283**	

[1] Mr. D Cloke retired from the Board 29th November, 2012.

[2] Mr. G. Younge left the employ of the Company on 7th December, 2012.

[3] Payment to Mr. L Ackroyd includes accumulated annual leave entitlements on resignation from full time employment.

Amounts paid to Directors in the above table exclude amounts paid pursuant to Service Agreements which is identified separately under the heading of “Service and Key Management Agreements”, which is paid to related parties of the Directors.

No Director or Key Management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

2012	Salary and Fees.	Post Employ-ment Super -annuation	Total employee benefits Salary & Fees	Share Options Granted during the year*	Exercise Price	Expiry Date	Options (based upon Black-Scholes formula)*	Total Benefit.
	$	$	$	Quantity	$	Date	$	$
Directors:								
R H Allert AO	91,743	8,257	100,000	0				100,000
N W Gardner	429,167	34,687	463,854	0				463,854
G J Bubner [A]	204,516	17,739	222,255	0				222,255
D J Cloke	45,000	4,050	49,050	0				49,050
M K Ashton	45,000	4,050	49,050	0				49,050
P C Lockyer	45,000	4,050	49,050	0				49,050
S D Perrin	45,863	4,128	49,991	0				49,991
Key Personnel:								
P J Collins [B]	134,444	11,000	145,444	2,500,000	0.54	23/11/2013	375,750	521,194
A P Bennett	202,500	18,225	220,725	200,000	0.54	25/01/2015	37,220	257,945
C Severino [C]	158,230	13,321	171,551	250,000	0.54	23/11/2013	37,575	209,126
G Younge [D]	114,623	10,316	124,939	500,000	0.54	23/11/2013	75,150	200,089
L Ackroyd	216,666	19,500	236,166	200,000	0.54	25/01/2015	37,220	273,386
R Howard [E]	15,278	1,375	16,653	-				16,653
Total 2012	1,748,030	150,698	1898,728	3,650,000			562,915	2,461,643

[A] Director, Mr. G J Bubner became an Executive Director with effect from 4th October 2011.

[B] Mr. P. J. Collins joined the Company on 21st November 2011.

[C] Mr. C. Severino joined the Company on 10th October 2011

[D] Mr. G. Younge joined the Company on 23rd January, 2012

[E] Mr. R Howard left the employ of the Company on 6th July 2011.

The exercise price of options is payable by the recipient to the Company upon exercise of the options.

Fair value of share options granted during the year:

For the purposes of the year 2013 table above the fair value of options granted during the period has been calculated by reference to the Black-Scholes formula method on the basis of the following inputs:-

Inputs into the model:	**26 February 2013**
Grant date share price	0.80
Exercise price	0.80
Expected volatility [1]	75.32%
Option life	1.62 years
Dividend yield	-
Risk free interest rate	3.93%

[1] The Expected Volatility Rate has been based upon an expected volatility having taken into consideration such factors as changes in the market price of the company's ordinary shares in the period 12 months from the date of the grant.

Share based payments granted as compensation for the current financial year:

Employee Share Option Plan:

Western Desert Resources Limited operates an Employee Share Option Plan for executives and employees of the consolidated entity. In accordance with the plan provisions, as approved by shareholders at the annual general meeting, executives and employees may be granted options to purchase parcels of ordinary shares at an exercise price determined by and at the discretion of the Directors from time to time. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Subject to payment of the Adjusted Exercise Price[1] the options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the following employee share-based payment arrangements were in existence for Unlisted Options:

Option Series	Grant Date	Date of Expiry	Quantity at 30 June 2013	Fair Value at grant date	Face Exercise Price	Adjusted Exercise Price [1]	Vesting Terms
Series K	25-Jan-2011	29-Nov-2013	1,150,000	115,878	$0.38	$0.362635	Vests at date of Grant
Series M	15-Apr-2011	24-Jan-2014	375,000	42,965	$0.40	$0.382635	Vests at date of Grant
Series P	04-Jan-2012	23-Nov-2013	2,750,000	413,325	$0.54	$0.535218	Vests at date of Grant
Series Q	24-Jan-2012	25-Jan-2015	800,000	148,880	$0.54	$0.535218	Vests at date of Grant
Series S	26-Feb-2013	10-Oct-2014	350,000	107,310	$0.80	$0.800000	Vests at date of Grant
Total			**5,425,000**	**828,358**			

[1] The exercise price of options has been reduced as a result of the terms of previous Entitlement, Rights Issues, and an equal distribution of capital, which were not available to option holders.

There is no further service or performance criteria that need to be met in relation to options granted under series K to S as shown above before the beneficial interest vests in the recipient.

The following grants of share based payment compensation to employees as Unlisted Options relate to the current financial year:

Name	Option Series	Quantity granted	Quantity Vested	% of Grant Vested	% of Compensation	Fair Value at grant date
C Severino	Series S	350,000	350,000	100%	26.98%	107,310
Total for the year		**350,000**	**350,000**			**107,310**

The following table summarises the value of options to Directors and key management personnel granted, exercised or lapsed during the year *(Each option converts into one ordinary share of Western Desert Resources Limited).*

Name	Quantity Granted	Fair Value at Grant date	Quantity Exercised	Exercise Amount Paid	Fair Value of Options Exercised	Lapsed during the year	Fair Value of Options Lapsed
Directors:							
D J Cloke (Ret.)	-	-	3,000,000	870,055	276,429	-	-
Key Management:							
C Severino	350,000	107,310	-	-	-	-	-
G Younge	-	-	-	-	-	500,000	75,150
L Ackroyd	-	-	200,000	116,527	38,340	-	-
Other Employees	-	-	600,000	295,670	137,236	150,000	28,196
Total for the year	**350,000**	**107,310**	**3,800,000**	**1,282,252**	**452,005**	**650,000**	**103,346**

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant in accordance with Australian Accounting Standards.

(ii) The options lapsed during the year are due to resignation of employment where the employee declined to exercise those options within the required time frame.

Options Issued as Remuneration for the Year Ended 30 June 2013

The company issued one parcel of options to a key management person during the year as part of their remuneration. No ordinary shares were issued during the year to Directors or other key management personnel other than as a consequence of exercising options or their participation in the entitlement offer and/or its underwriting.

Movement in options granted to Directors and Key Management Personnel during the year were:-

2013	Opening Balance 01/07/2012	Options (Exercised) during the year			Options Granted / (Lapsed) during the year [1]			Balance Held 30/06/2013 [2]
	Unlisted	Quantity	Expiry Date	Price [3]	Quantity	Expiry Date	Price [3]	Unlisted
Directors:								
R H Allert	3,000,000							3,000,000
M K Ashton	3,000,000							3,000,000
NW Gardner	6,000,000							6,000,000
P C Lockyer	2,000,000							2,000,000
G J Bubner	3,000,000							3,000,000
D J Cloke	3,000,000	(1,000,000)	30/11/2013	0.144785				-
		(2,000,000)	29/11/2013	0.362635				-
S D Perrin	-							-
Sub-Total	**20,000,000**	**(3,000,000)**						**17,000,000**
Key Personnel:								
C Severino	250,000				350,000	10/10/2014	0.800000	600,000
P J Collins	2,500,000							2,500,000
A P Bennett	575,000							575,000
L Ackroyd	1,400,000	(200,000)	31/12/2012	0.582635				1,200,000
G Younge	500,000				(500,000)	23/11/2013	-	-
Sub-Total	**5,225,000**	**(200,000)**			**(150,000)**			**4,875,000**
Total Directors & Key Personnel	**25,225,000**	**3,200,000**			**(150,000)**			**21,875,000**

[1] During the year a total of 500,000 Options granted to former Key Management Personnel lapsed in February 2013 which are recorded as negative quantities in the Options Granted / (Lapsed) column above.

[2] Options granted during the year and those held by Directors and Senior Management vest in the individual at date of grant.

[3] The exercise price of options has been reduced as a result of the terms of the Entitlement Offer announced in June 2012 which was not available to option holders.

Total Options on issue at date of this report:

Unlisted Options:

Grant Date	Date of Expiry	Face Exercise Price	Adjusted Exercise Price [1]	Granted during the year	Exercised during the year	Lapsed during the year	2013 Quantity under option	2012 Quantity under option
25-Sep-2008	30-Nov-2013	$0.20	$0.144785	-	1,000,000	-	3,000,000	4,000,000
20-Jan-2010	31-Dec-2012	$0.60	$0.582635	-	300,000	50,000	-	350,000
29-Nov-2010	29-Nov-2013	$0.38	$0.362635	-	2,000,000	-	11,000,000	13,000,000
27-Jan-2011	29-Nov-2013	$0.38	$0.362635	-	175,000	-	1,150,000	1,325,000
15-Apr-2011	24-Jan-2014	$0.40	$0.382635	-	-	-	375,000	375,000
14-Jun-2011	29-Nov-2013	$0.38	$0.369468	-	-	-	3,000,000	3,000,000
24-Jun-2011	24-Dec-2013	$0.50	$0.495218	-	-	-	10,000,000	10,000,000
04-Jan-2012	23-Nov-2013	$0.54	$0.535218	-	-	500,000	2,750,000	3,250,000
24-Jan-2012	25-Jan-2015	$0.54	$0.535218	-	75,000	100,000	800,000	975,000
22-Feb-2012	05-Feb-2014	$0.54	$0.535218	-	250,000	-	-	250,000
26-Feb-2013	10-Oct-2014	$0.80	$0.800000	350,000	-	-	350,000	-
				350,000	**3,800,000**	**650,000**	**32,425,000**	**36,525,000**

[1] The exercise price of options has been reduced, where applicable, as a result of the terms of prior Entitlement Offers which were not available to option holders.

Service and Key Management Agreements

The consolidated entity entered into service agreements with Messrs Gardner and Bubner on 2 May 2007. An agreement was entered into with Perrin Legal on 19th August 2011 for the services of Mr S D Perrin. These agreements have no fixed term and may be terminated by either party giving three months' notice in writing. There are no minimum payments specified in the agreements nor do the agreements provide for termination payments.

No agreements with Key Management personnel are in existence other than letters of confirmation of employment terms and conditions.

Details of payments, which are made to related entities controlled by Director and Officers, pursuant to the service agreements during the year, are set out below:

Director	Current Terms	$ 2013	$ 2012
G J Bubner	$150 per hour to a maximum of $1200 per day for each day in excess of 2 days within a month	-	94,306
S D Perrin	$150 per hour to a maximum of $1200 per day for each day in excess of 2 days within a month	388,190	223,575
	Total	**388,190**	**317,881**

The payments reported above are also shown in Note 25 to the accounts – related party disclosures.

Other related party payments

The following transactions occurred with related entities of Directors during the year based upon normal market terms and conditions:

Entity	Related Party	Nature of Transactions	$ 2013	$ 2012
Titeline Drilling Pty Ltd	M K Ashton	Drilling Services	4,156,073	2,790,875
Remote Contracting Services Pty Ltd	N W Gardner	Equipment Hire and Civil Works	5,487,122	1,571,984
NWG Nominees Pty Ltd	N W Gardner	Plant Hire	71,484	-
ASIS Pty Ltd	G J Bubner	Drafting and geophysical services	24,704	-

Meetings of Directors

The number of meetings of the company's Board of Directors attended by each director during the year ended 30 June 2013 was:

2013	Meetings held while in office 2012/2013 year	Meetings attended	Comments
R H Allert AO	14	14	
N W Gardner	14	13	
P C Lockyer	14	10	
G J Bubner	14	11	
D J Cloke	5	3	Retired 29th November 2012
M K Ashton	14	8	
S D Perrin	14	14	

The Company has a separate audit committee that comprises Mr S D Perrin (Chairman), Mr R H Allert and Mr P. C Lockyer. Due to the size of the company, its activities, and the size of the Board the Company does not have any other separate board committees.

Non-Audit Services

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

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants" issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards. The following fees for non-audit services were paid to the external auditors during the period ended 30 June 2013:

	2013	2012
Non Audit Services	3,000	27,600

Indemnification of Officers and Auditors

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

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

Proceedings on Behalf of the Company

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 44 of the financial report.

This directors' report is signed at Adelaide this 27th day of September 2013 in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors,

R H Allert, AO
Chairperson

N W Gardner
Managing Director

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 8 8407 7000
Fax: +61 8 8407 7001
www.deloitte.com.au

The Board of Directors
Western Desert Resources Limited
Level 1, 26 Greenhill Road
WAYVILLE SA 5034

27 September 2013

Dear Board Members

Western Desert Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Western Desert Resources Limited.

As lead audit partner for the audit of the financial statements of Western Desert Resources Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants

CORPORATE GOVERNANCE STATEMENT

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

Since its listing with ASX Western Desert Resources Limited has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Whilst Western Desert Resources has not adopted all of the ASX best practice recommendations it has followed each of the ASX recommendations where the Board has considered the recommendation to be appropriate. Where the Company corporate governance practices depart from the recommendations the Board provides full disclosure of the reason for the adoption of its own practice. However the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company.

This statement outlines the main Corporate Governance practices of the Company disclosed under the principles outlined in the ASXCGC including those that comply with best practice that, unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2013.

Principle 1: Lay solid foundations for management and oversight

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

The Board's primary role is the protection and enhancement of shareholder value and to establish the functions reserved to the Board and those delegated to senior executives.

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

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

The Board appoints a Managing Director with responsibility for the day to day management of the Company including management of financial, physical, and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board. The Managing Director has the responsibility of carrying out an annual evaluation of the performance of senior executives against pre-determined performance criteria. A performance evaluation for senior executives took place over the reporting period currently under review.

Principle 2: Structure the Board to add value

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

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

The Company's constitution stipulated that the number of directors must be at least three. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years.

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

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

Principle 3: Promote ethical and responsible decision making

Ethical standards
The Company aims for a high standard of corporate governance and ethical standard by Directors and employees.

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

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

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

Trading in the Company's Securities
Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not readily available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available. In particular, trading in Company securities is prohibited within 3 days prior to, and one day following material announcements to ASX.

Principle 4: Safeguard integrity in financial reporting

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

Audit Committee
Western Desert Resources Limited has established an Audit Committee. The committee comprises of Non-Executive Director, Mr S D Perrin, as the Chairman and Non-Executive Directors Mr R H Allert and Mr PC Lockyer. The Audit Committee has adopted a formal charter. The director qualifications and experience are included within the Director's Report. Meetings of the Audit Committee are held following or within scheduled Board meetings.

Principle 5: Make timely and balanced disclosure

Continuous Disclosure

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

Principle 6: Respect the rights of shareholders

Communication with shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASXCGC best practice recommendations, information is communicated to shareholders as follows:

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

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to Section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Principle 7: Recognise and manage risk

Risk Assessment and Management

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

Principle 8: Remunerate fairly and responsibly

Remuneration Policy

The Company's Constitution specifies that the total amount of remuneration of non-executive Directors shall be fixed from time to time by a general meeting. The current maximum cash component aggregate remuneration for non-executive directors is set at $500,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non- executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

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

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

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

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

DIVERSITY STATEMENT

The Board recognises the benefits of diversity in terms of both the composition of the Board and senior executives of the Company. However, the Board does not have specific objectives in relation to the gender, age, cultural background or ethnicity of its Board or senior executives. Board members and senior executives are appointed or employed based on their skills and experience and candidates are not discriminated against based on age, gender or background.

The Board currently has no female representation. The Company has two women in senior executive roles, and of the Company's 22 permanent employees as of the date of this Annual Report, 15 are male and 7 are female.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2013

	Note	Year ended 30-Jun 2013 $	Year ended 30-Jun 2012 $
Continuing operations			
Revenue	5	-	-
Cost of Sales	6	-	-
Other Income and expenditures:			
Other Income	7	10,111	19,952
Interest on bank deposits	7	971,341	356,620
Gain on disposal of tenement interest	7	591,329	-
Salaries and wages		(1,784,352)	(824,241)
Directors (non-executive) fees		(267,587)	(309,766)
Shareholder relations		(380,908)	(355,686)
Corporate consulting expenses		(1,198,107)	(453,234)
Administration expenses		(685,566)	(136,880)
Occupancy expenses		(272,531)	(205,130)
Travel		(327,702)	(173,014)
Depreciation		(42,549)	(13,765)
Share based payments		(107,310)	(788,790)
Stamp duty and government charges		(50,839)	-
Exploration expense written off	14	(1,724,136)	(189,591)
Other Provisions		-	(6,352)
Loss arising from impairment of financial assets	16	(899,985)	(283,323)
Recovery / (loss) for impairment		-	-
Loss before income tax expense		(6,168,791)	(3,363,200)
Income tax expense	31(a)	-	-
Loss for the period attributable to members		(6,168,791)	(3,363,200)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the period (Net of Tax) attributable to members:		(6,168,791)	(3,363,200)
Earnings per share:			
Basic and diluted loss per share (cents)	9	(1.85)	(1.59)

The Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position at 30 June 2013

	Note	30-Jun 2013 $	30-Jun 2012 $
Current assets			
Cash and cash equivalents	10	9,021,368	10,197,907
Trade and other receivables	11	466,809	10,867
Other current assets	12	1,578,877	637,337
Total current assets		11,067,054	10,846,111
Non - current assets			
Plant, equipment and infrastructure	13	12,587,086	2,190,851
Exploration expenditure	14	31,370,278	25,415,037
Development and construction expenditure	14	128,255,334	12,731,596
Deposits for performance bonds	15	2,730,157	915,688
Other financial assets	16	344,430	944,415
Total non - current assets		175,287,285	42,197,587
Total assets		186,354,339	53,043,698
Current liabilities			
Trade and other payables	17	24,337,570	2,923,984
Loans & Borrowings	18(a)	30,000,000	-
Finance leases	18(b)	-	36,554
Employee benefit provisions		170,879	108,012
Exploration tenement rehabilitation provisions	19(a)	383,493	516,800
Total current liabilities		54,891,942	3,585,350
Non - current liabilities			
Rehabilitation provision	19(b)	4,805,519	-
Total non - current liabilities		-	-
Total liabilities		59,697,461	3,585,350
Net assets		126,656,878	49,458,348
Issued capital	20	148,274,983	64,459,621
Reserves	21(a)	2,326,863	2,774,904
Accumulated losses	21(b)	(23,944,968)	(17,776,177)
Total equity		126,656,878	49,458,348

The Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2013

	Issued Capital $	Share Options Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2011	47,178,909	2,228,572	(14,412,977)	34,994,504
Loss attributable to the members of parent entity	-	-	(3,363,200)	(3,363,200)
Share of associates Comprehensive income	-	-	-	-
Transfer to the Income Statement as a result of the cessation of equity accounting	-	-	-	-
Total Comprehensive Income for the Period	-	-	(3,363,200)	(3,363,200)
Shares issued during the period	17,690,004	-	-	17,690,004
Transfers on exercise of options	64,355	(64,355)	-	-
Transfers on lapse of options	178,103	(178,103)	-	-
Cost of capital raising	(651,750)	-	-	(651,750)
In-specie distribution	-	-	-	-
Fair value of share options issued	-	788,790	-	788,790
Balance at 30 June 2012	64,459,621	2,774,904	(17,776,177)	49,458,348
Balance at 1 July 2012	64,459,621	2,774,904	(17,776,177)	49,458,348
Loss attributable to the members of parent entity	-	-	(6,168,791)	(6,168,791)
Share of associates Comprehensive income	-	-	-	-
Transfer to the Income Statement as a result of the cessation of equity accounting	-	-	-	-
Total Comprehensive Income for the Period	-	-		
Shares issued during the period	86,846,353	-	-	86,846,353
Transfers on exercise of options	452,005	(452,005)	-	-
Transfers on lapse of options	103,346	(103,346)	-	-
Cost of capital raising	(3,586,342)	-	-	(3,586,342)
In-specie distribution	-	-	-	-
Fair value of share options issued	-	107,310	-	107,310
Balance at 30 June 2013	148,274,983	2,326,863	(23,944,968)	126,656,878

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

Consolidated statement of cash flows for the year ended 30 June 2013

	Note	Year ended 30-Jun 2013	Year ended 30-Jun 2012
		$	$
Cash flows from operating activities			
Other income received		10,111	61,429
Interest paid		(1,842)	(4,474)
Payments to suppliers and employees		(3,514,658)	(2,297,560)
Net cash used by operating activities	10	(3,506,389)	(2,240,605)
Cash flows from investing activities			
Interest received		971,964	361,592
Payments for exploration expenditure		(8,620,635)	(18,112,029)
Payments for development expenditure		(88,496,099)	-
Payments for plant, equipment and infrastructure		(11,176,324)	(1,218,559)
Payments of deposits for security performance bonds		(1,814,469)	(93,325)
Net cash used in investing activities		(109,135,563)	(19,062,321)
Cash flows from financing activities			
Proceeds from issue of shares		86,846,354	17,690,004
Proceeds from Loans		30,000,000	-
Payments for capital raising costs		(3,586,342)	(651,750)
Repayment of borrowings	18(b)	(36,554)	(41,006)
Payments for capitalised borrowing costs	14(c)	(1,758,045)	-
Net cash provided by financing activities		111,465,413	16,997,248
Net increase (decrease) in cash held		(1,176,539)	(4,305,679)
Cash at beginning of period		10,197,907	14,503,586
Cash at end of period		9,021,368	10,197,907

The Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The principal activities of the company involve exploration for iron ore, gold, base metals and other economic mineral deposits, and the development of Mining Operations at the Roper Bar iron ore project, Northern Territory.

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

Level 1, 26 Greenhill Road
Wayville, South Australia 5034

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS:

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out below.

Standards affecting presentation and disclosure

Amendments to AASB 101 Presentation of Financial Statements'	The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) Items that will not be reclassified subsequently to profit or loss and (b) Items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income. The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014

AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities' The amendments define an investment entity and require that, with limited exceptions, an investment entity not consolidate its subsidiaries or apply AASB 3 + +Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments in its consolidated and separate financial statements.	1 January 2014	30 June 2015
Interpretation 21 'Levies' This Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	1 January 2014	30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

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

The financial statements were authorised for issue by the Directors on 27th September 2013.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Going Concern basis

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the financial year ended 30 June 2013 the Consolidated Entity incurred a net loss of $6,168,791 (2012: $3,363,200) and recorded a net cash outflow from operating and investing activities of $112,641,952 (2012: 21,302,926). As at 30 June 2013 the Consolidated Entity had cash on hand of $9,021,368 (2012: $10,197,907), net current liabilities of $43,824,888 (2012: net current assets of $7,260,761) and net assets of $126,656,878 (2012: $49,458,348).

During the year ended 30 June 2013 and the period to the date of this report, the Directors have taken steps to ensure the Consolidated Entity continues as a going concern. These steps have included:

- During the year ended 30 June 2013, cash inflow from financing activities was obtained to the value of $111,465,413, through the following activities:
    - Various equity raisings totalling 126.0m shares raising $86,846,353 (before costs)
    - Bridging Loan facility of $30,000,000.

  This cash inflow was utilised in the development of the Roper Bar Mine Project which is currently forecast to commence production in the fourth quarter of 2013.

- On 11th July 2013 the company announced that it had successfully completed an equity raising via a placement to sophisticated and institutional investors of 31,600,000 ordinary shares raising $17,401,827 (before costs).
- On 7th August 2013 the company announced it had signed an Off-Take Agreement [OTA] with Noble Resources International Pte Ltd [Noble] a global commodity trader, listed on the Singapore Stock Exchange. The OTA provides for Nobel to purchase all of the Company's Iron Ore production from the Roper Bar Mine for the next 5 years. The initial shipment is expected in the fourth quarter of 2013.
- On 6th September 2013 the company announced to the market that it had signed agreements for Macquarie Bank Limited to provide project debt finance sufficient for the completion of the construction of the Roper Bar iron ore mine in the Northern Territory.
- On 20th September 2013 the company announced that it has agreed to issue approximately 46,153,846 new ordinary shares at an issue price of $0.65 per share to sophisticated and institutional investors to raise gross proceeds of $30,000,000. In addition to this Placement, WDR will be offering all WDR shareholders the opportunity to subscribe for new shares under a Share Purchase Plan. Under this Plan each WDR shareholder will be offered the opportunity to subscribe for up to $15,000 of new shares at an issue price of $0.65 per share. The funds raised under the Placement and the Share Purchase Plan will replace funding previously to be provided by way of revolving credit facility from Noble Resources International Pte Ltd and this will add strength to the company's Balance Sheet and reduce reliance upon debt. These equity raisings are subject to the approval of Shareholders at the Annual General Meeting.

The Directors believe that the combined impact of the items listed above will enable the Company and the Consolidated Entity to generate sufficient cash flows to meet their liabilities.

3.3 Basis of consolidation

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

3.5 Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-Current Assets held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.6 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interest in jointly controlled assets are accounted for on an accruals basis, income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

3.7 Cash and cash equivalents

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

3.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave (where applicable), and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3.9 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.9.1 *Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

3.9.2 *Interest revenue*

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset it if is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards or ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.12 Foreign currencies

The individual financial Statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ("$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.13 Taxation

Tax consolidation

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

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current Tax

The tax currently payable is based on taxable result for the year. Taxable result differs from the result as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.13.2 Deferred Tax

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that effects nether the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects that tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when here is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13.3 Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3.14 Plant and Equipment

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

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
The following estimated useful lives are used in the calculation of deprecation:

- Plant and equipment – at cost 3-10 years

3.15 Intangible assets acquired separately.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.16 Impairment of tangible and intangible assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately.

3.17 Financial assets

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as a FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

3.17.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.17.2 Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivable when the recognition of interest would be immaterial.

3.17.3 Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

3.18(a) Exploration and Evaluation Expenditure

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

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

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

(i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale: or

(ii) Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

3.18(b) Development and Construction Expenditure

Development and construction expenditures are recognised as an asset in the year in which they are incurred where the following conditions are satisfied:

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

b) the development and construction expenditures are expected to be recouped through successful completion of those works and the commercial exploitation for sale and shipment of the iron ore or other minerals.

Development and Construction assets are assessed for impairment when facts and circumstances (as defined in AASB 136 "Impairment of Assets") suggest that the carrying amount of development and construction assets may exceed its recoverable amount. The recoverable amount of the development and construction assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

3.19 Goods and service tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or;

(ii) for receivables and payables which are recognised inclusive of GST.

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

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

3.20 Payables

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

3.21 Government grants

Government grants are assistance by government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions by the entity. Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off or amortised.

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

3.22 Comparative Figures

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

3.23 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.24 Financial liabilities and equity instruments issued by the Group

3.24.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.24.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.24.3 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.24.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.25 Provision for restoration and rehabilitation.

A provision for restoration and rehabilitation is recognised when there is a present obligation, as a result of undertaking exploration activities, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current estimated rehabilitation costs. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration has been charged as an increase in provisions within the statement of Comprehensive Income as the projects to which the expense estimates relate to are not at a certain stage of development. Where the project is in a certain stage of development rehabilitation costs will be capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

4. Critical Accounting Estimates and Judgement

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation

The consolidated entity's policy for exploration and evaluation is discussed at note 3*.18*. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the income statement.

5	REVENUE	2013 $	2012 $
	Sales Revenue	-	-
		-	-

6	COST OF SALES	2013 $	2012 $
	Cost of sales	-	-
		-	-

7	OTHER INCOME	2013 $	2012 $
	Other Miscellaneous Income	10,111	-
	Grant for trainee employment	-	14,981
	Gain on disposal of tenement interest	591,329	-
	Miscellaneous Interest Received	-	4,971
	Interest on Bank Deposits	971,341	356,620
		1,572,781	376,572

		2013	2012
8	**OTHER GAINS AND LOSSES FOR THE YEAR**	**$**	$
(a)	**The following expenditures were included in the loss for the year:**		
	Depreciation	42,549	13,765
	Share option based payments	107,310	788,790
	Increase in provisions	-	6,352
	Rental expense on operating leases	165,567	129,150
(b)	**Employment related costs:**		
	Employee benefits expense	4,948,947	2,997,950
	Employee oncost	330,963	213,623
	Less Exploration & Development payroll capitalised as an asset	(4,635,941)	(2,804,597)
	Share option based payments	107,310	788,790
	Superannuation guarantee charge [1]	395,428	256,971
	Employee benefit (annual leave liability)	62,867	41,166

[1] The total expense recognised in the consolidated statement of comprehensive income represents contributions payable pursuant to statutory rates of superannuation contributions to the Retirement Benefit fund of each individual employee.

	2013	2012
	$	$
The following expenditures were included in the loss for the year:		
Interest on obligations under finance leases	1,842	8,095
Incidental interest paid	-	146
Total interest expense for financial liabilities not classified as at fair value through profit or loss.	1,842	8,241

In addition to the Finance expenditures incurred above the company has paid Interest and fees to Macquarie Bank Limited, pursuant to a Bridge Loan Facility Agreement, amounting to $1,758,045 (2012: Nil). This interest and fees has been capitalised to the Project account as it represents a charge against future income [refer note 14(b)].

		2013	2012
9	**LOSS PER SHARE**	**Cents per share**	Cents per share
	Basic loss per share	(1.85)	(1.59)
	Diluted loss per share	(1.85)	(1.59)
	Loss	(6,168,791)	(3,363,200)
		No.	No.
	Weighted average number of ordinary shares	333,126,456	210,896,282

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the same as the number used in the calculation of basic earnings per share, as the company is loss-making hence options and performance shares are considered non-dilutive.

10 STATEMENT OF CASH FLOWS

	2013 $	2012 $
Note (a) Reconciliation of loss for the year to net cash flow from ordinary activities:		
Loss for the period	(6,168,791)	(3,363,200)
Non-cash items:		
Share based remuneration	107,310	788,790
Depreciation	42,549	13,765
Exploration written off	1,724,136	189,591
Gain on tenements sold	(591,329)	-
Interest earned	(971,341)	(361,592)
Impairment of Investment	899,985	283,323
Changes in operating assets and liabilities:		
Increase/(decrease) in provisions	(70,440)	47,518
(Increase)/decrease in other assets	(941,541)	-
Increase/(decrease) in payables	2,919,015	439,786
(Increase)/decrease in receivables	(455,942)	(278,586)
Net operating cash flows	(3,506,389)	(2,240,605)
Note (b) Reconciliation of cash and cash equivalents:		
Cash at bank and in hand	9,021,368	10,197,907

11 CURRENT TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade receivables	455,034	8,237
Interest receivables	11,775	2,630
	466,809	10,867

Receivables are on terms of 14 to 30 days – no interest is chargeable. None of the current receivables are impaired or past due not impaired. Interest receivable refers to accumulated bank interest on deposits.

There is no allowance for doubtful debts in the current and prior year.

12 OTHER CURRENT ASSETS

	2013 $	2012 $
Other assets	-	28,250
Less provision for impairment	-	(18,000)
Prepaid expenditures	169,462	41,771
GST Receivable	1,409,415	585,316
	1,578,877	637,337

13 PLANT, EQUIPMENT AND INFRASTRUCTURE

	2013 $	2012 $
At cost	14,836,226	3,209,874
Accumulated depreciation	(2,249,140)	(1,019,023)
	12,587,086	2,190,851
(a) Plant, equipment and infrastructure:		
Gross carrying amount:		
Carrying amount at beginning of year	3,162,973	2,004,259
Additions during the year [1]	11,673,253	1,158,714
Disposals during the year	-	-
Carrying amount at end of year	14,836,226	3,162,973
Accumulated depreciation:		
Opening balance at beginning of year	(1,029,372)	(411,052)
Depreciation this year [2]	(1,219,768)	(618,320)
Depreciation on disposals	-	-
Closing balance at end of year	(2,249,140)	(1,029,372)
Net Book Value:		
Balance at 30 June	12,587,086	2,133,601

[1] Additions during the year largely relate to infrastructure of the camps for the Roper Bar Iron Ore project in Northern Territory.

[2] Depreciation on assets acquired for the Roper Bar Iron Ore project has been capitalised as a Project development cost which will be charged against the project in its future operational phase.

Assets pledged as security:
The group's plant, equipment and infrastructure assets have not been pledged as security for borrowings. The group's obligations under finance lease for vehicles, as below, were secured by the Lessor's title to the leased assets which have a carrying amount of $NIL (2012: $57,250).

(b) Vehicles under finance lease:	**2013**	**2012**
Gross carrying amount:	**$**	**$**
Opening balance	122,918	122.918
Additions during the year	-	-
Disposals during the year	-	-
Closing balance at end of year	122,918	122,918
Accumulated depreciation:		
Opening balance	(65,668)	(34,855)
Depreciation this year	(57,250)	(30,813)
Depreciation on disposals	-	-
Closing balance at end of year	(122,918)	(65,668)
Net book value:		
Balance at 30 June	-	57,250
Total Plant, Equipment, Vehicles and Infrastructure	12,587,086	2,190,851

The Group's obligations pursuant to the vehicle finance lease were settled in full during the year.

14	EXPLORATION AND DEVELOPMENT EXPENDITURE	2013	2012
	(a) Exploration	**$**	$
	Costs brought forward	25,415,037	17,683,407
	Expenditure incurred during the year	8,515,129	20,652,817
	Costs of 25% of Spring Hill project sold	(835,752)	-
	Costs transferred to Development project	-	(12,731,596)
	Expenditure written off during the year	(1,724,136)	(189,591)
		31,370,278	25,415,037
	The recovery of the carry forward amounts of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective tenement interests.		
	(b) Development & Construction		
	Costs brought forward	12,731,596	-
	Costs brought forward from Exploration & Evaluation	-	12,731,596
	Expenditure incurred during the year	108,960,174	-
	Provision for future Rehabilitation expense	4,805,519	
	Capitalised Borrowing Costs (Refer Note below)	1,758,045	-
		128,255,334	12,731,596
	Accumulated interest and fees relating to short term borrowings for the development of the Roper Bar iron ore project have been capitalised. These costs plus continuing interest expense will be charged against future operating expenditures of the project.		
	Total Overall Exploration, Development & Construction Expenditure	159,625,612	38,146,633
	The recovery of the carry forward development and construction assets is dependent on the successful completion of those works and the commercial exploitation for sale and shipment of the iron ore.		

15	DEPOSITS FOR PERFORMANCE BONDS	2013	2012
		$	$
	Bank deposits securing bank guarantees	2,605,935	825,103
	NT Government environmental bonds/other bonds.	12,000	90,585
	Secure Leasehold Premises	12,222	-
	Bank Deposit securing credit card facility	100,000	-
	Total Deposits for performance bonds	2,730,157	915,688

Bank deposits of $2,605,935 (2012: $825,103) were pledged to bankers to secure the issuance of bank guarantees on behalf of the Company. The guarantees covered environmental bonds secured to the value of $2,561,459 (2012: $763,585) in favour of the Northern Territory Government; $15,840 (2012: $15,840) lodged with the agent of the lessor to secure an office lease, and a performance bond lodged with Central Land Council of $25,000 (2012: $25,000).

Cash bonds to the value of $12,000 (2012: $90,585) have been lodged with the Northern Territory Government to secure environmental rehabilitation commitments; $Nil (2012: $6,000) to secure premises on a short term lease basis and $12,222 (2012: NIL) in respect of new premises in Darwin, N.T. and $100,000 (2012: NIL) to secure a credit card facility utilised by the company.

			2013	2012
16	**INVESTMENTS**		**2013**	2012
(a)	**Shares held:**		**$**	$
	ASX Quoted shares at fair value: Thor Mining PLC			
	Opening Balance:		944,405	187,728
	Additions during the year:		-	-
	21,666,667 new CDI's were issued to the Company in April, 2013 covering the settlement of a 26% interest in the Spring Hill project. (2012: 40,000,000 new CDI's were issued covering the settlement of a 25% interest)		300,000	1,040,000
	Impairment (Loss) during the year		(899,985)	(283,323)
	Balance at 30 June 68,886,963 (2012: 47,220,296) Chess Depository Interests at Market Value of $0.005 (2012: $0.02)		344,420	944,405
(b)	Unquoted shares at cost		10	10
	Total Investments		344,430	944,415

(c) Investment in Thor Mining PLC

Principal Activity	Type of Investment	Ownership Interest 2013 %	2012 %
Exploration	Chess Depositary Interests (CDI's)	6.20	1.36

(d) Share options held at balance date:

The Company held share options issued by Thor Mining PLC that expired during the year. The Company did not exercise those options.

17	CURRENT LIABILITIES – TRADE & OTHER PAYABLES	2013 $	2012 $
	Trade payables	18,620,303	2,247,170
	Accruals	5,460,751	545,400
	Other	256,516	131,414
		24,337,570	2,923,984

No interest is charged on the trade payables.

18	LOANS AND BORROWINGS	2013 $	2012 $
(a)	**Loans – short term**	30,000,000	-
		30,000,000	-

During the year the Company borrowed monies for the purpose of construction of the Roper Bar haul road pursuant to a Bridge Loan Facility Agreement with Macquarie Bank Limited maturing 180 days after Financial Close. This facility was increased to $50 million on 9th September 2013 on the same terms and conditions. Interest is payable at a fixed rate of 7.75%.

The Bridge Loan Facility provided by Macquarie Bank Limited is to be repaid by drawing down from the Project finance during October, 2013.

(b)	**Finance Leases**	**2013**	2012
		$	**$**
	Minimum lease payments due within one year	-	37,676
	Less future finance charges	-	1,122
	Present value of lease payments	-	36,554
	Included in the consolidated financial statements as:		
	Current liabilities	-	36,554
	Minimum lease payments due later than one year and less than five years	-	-
	Less future finance charges	-	-
	Present value of lease payments	-	-
	Included in the consolidated financial statements as:		
	Non - current liabilities	-	-
		-	36,554
	Book and fair value of the vehicles under finance lease	-	57,250

19	**EXPLORATION TENEMENTS REHABILITATION PROVISION**	**2013**	2012
(a)	**Current**	**$**	$
	Provision to rehabilitate tracks and drill pads.	383,493	516,800
		383,493	516,800

The provision is based on the present value of the cost of work of rehabilitation as assessed internally to cover the un-rehabilitated drill pads and access tracks.

		2013	2012
(b)	**Non-current**	**$**	$
	Provision to re-habilitate development mine and roads	4,805,519	-

The company has capitalised to development and construction costs [refer note 14 (b)] a future provision for the estimated cost of rehabilitation expenditures relating to the mine site, haul road and loading facility development areas arising from the Roper Bar Iron Ore project.

20 ISSUED CAPITAL

	2013 No.	2013 $	2012 No.	2012 $
Issued share capital:				
Fully paid ordinary shares	360,853,631	148,274,983	218,819,203	64,459,621

Movement in issued shares for the year:	**2013 No.**	**2013 $**	**2012 No.**	**2012 $**
Balance at beginning of financial period	234,819,203	64,459,621	206,935,914	47,178,909
Entitlement Offer (including Underwriting)	21,881,920	15,317,345	-	-
Issued at 61.5 cents (Placement)	-	-	10,000,000	6,150,000
Issued at 70.0 cents (Placement)	84,000,000	58,800,000	16,000,000	11,200,000
Issued on exercise of Placement options	16,352,508	11,446,756	-	-
Issued on exercise of options	3,800,000	1,282,252	1,883,289	340,004
Costs associated with issue of shares	-	(3,586,342)	-	(651,750)
Share premium arising from share options exercised	-	452,005	-	64,355
Share premium arising from share options lapsed	-	103,346	-	178,103
In-specie distribution to shareholders	-	-	-	-
Tax effect of transaction costs	-	-	-	-
Balance at end of financial period	**360,853,631**	**148,274,983**	**234,819,203**	**64,459,621**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

21 RESERVES AND ACCUMULATED LOSSES

	2013 $	2012 $
(a) Share option reserve		
Opening balance	2,774,904	2,228,572
Options exercised and transferred to equity	(452,005)	(64,355)
Options cancelled and transferred to equity	(103,346)	(178,103)
Share based payments	107,310	788,790
Closing balance	2,326,863	2,774,904

The above equity-settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in Note 28.

	2013 $	2012 $
(b) Accumulated losses		
Opening balance	(17,776,177)	(14,412,977)
Net loss for the year	(6,168,791)	(3,363,200)
Closing balance	(23,944,968)	(17,776,177)

22 SHARES IN SUBSIDIARIES

Name of Entity:	Sub Note	Country of Incorporation	Ownership Interest	
			2013 %	2012 %
Parent Entity:				
Western Desert Resources Limited	(i)	Australia		
Subsidiary:				
Red Desert Minerals Pty Ltd	(ii),(iii)	Australia	100%	100%
WDR Base Metals Pty Ltd	(ii),(iii)	Australia	100%	100%
WDR Gold Pty Ltd	(ii),(iii)	Australia	100%	100%
WDR Iron Ore Pty Ltd	(ii),(iii)	Australia	100%	100%

(i) Head entity in tax consolidated group

(ii) Members of tax consolidated group

(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Western Desert Resources Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

The Company has not prepared the Income Statement and statement of financial position of the entities party to the deed of cross guarantee as this is reflected on the face of the financial statements.

23 DIRECTOR AND OTHER KEY MANAGEMENT COMPENSATION AND EQUITY HOLDINGS.

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

Directors:

- R H Allert AO (Non-Executive chairman)
- N W Gardner (Managing director),
- G J Bubner (Executive director),
- M K Ashton (Non-executive director),
- P C Lockyer (Non-executive director),
- S D Perrin (Non-executive director),
- D J Cloke (Non-executive director), retired 29th November, 2012.

Key Management:

- L Ackroyd (Company Secretary), Resigned as Chief Financial Officer January 2013,
- A P Bennett (Exploration Manager)
- Patrick Collins (General Manager NT Operations)
- Graham Younge (Mining Engineer), left employ of company 7 December 2012.
- Claude Severino (Roper Bar project Manager)

The aggregate compensation of Directors and key management personnel of the consolidated entity is set out as follows:

Aggregate compensation:	Consolidated 2013 $	2012 $
Short-term employee benefits	2,313,750	1,748,030
Post-employment benefits	170,223	150,698
Share-based payments – Directors[1]	-	-
Share-based payments - Employees[1]	107,310	562,915
Total	2,591,283	2,461,643

[1] Share based payments relate to share options granted during the year to key management personnel which reflect the difference between the exercise price and its then current market value based upon the Black-Scholes calculation method. That exercise price is payable by the recipient upon exercise of the options. Share options do not represent cash payments to Directors and Key Management Personnel and those share options granted may or may not ultimately be exercised by Directors and/or Key Management personnel.

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

Equity holdings of Directors and Key Management personnel are detailed as follows:

(i) Fully paid ordinary shares held by Directors and Key Management:

Year Ended 30 June 2013	Balance 30/06/2012	Net Changes [a]	Balance 30/06/2013	Balance held Nominally [b], [c].
Directors:				
R H Allert	850,000	85,000	935,000	-
N W Gardner	7,520,394	840,869	8,361,263	-
G J Bubner	4,232,101	(29,000)	4,203,101	-
D J Cloke	2,209,856	(2,209,856)	-	-
M K Ashton [b]	6,376,443	8,166	6,384,609	11,237,447
P C Lockyer	200,000	20,000	220,000	-
S D Perrin [c]	-	-	-	40,000,000
Key Management:				
L Ackroyd	562,500	(362,500)	200,000	-
A P Bennett	-	-	-	-
P J Collins	503,069	50,000	553,069	-
G Younge	-	-	-	-
C Severino	36,395	(36,395)	-	-

[a] *Net changes are the result of participation in the entitlement offer and its' Underwriting during the year (by Directors, Allert, Gardner, Ashton and Lockyer), less the sale of shares during the year.*

[b] *Mr M K Ashton is a part owner of a major shareholder; Greenstone Property Pty Ltd. Greenstone Property Pty Ltd increased its shareholding during the year by 883,875 shares.*

[c] *Mr S D Perrin is a part owner of the Company's largest shareholder, Permat Holdings Pty Ltd. The Shareholding of Permat Holdings Pty Ltd is unchanged from the previous year.*

Year ended 30 June 2012	Balance 30/06/2011	Net Changes	Balance 30/06/2012	Balance held Nominally
Directors:				
R H Allert	600,000	250,000	850,000	-
N W Gardner	7,520,394	-	7,520,394	-
G J Bubner	4,312,101	(80,000)	4,232,101	-
D J Cloke	2,308,493	(98,637)	2,209,856	-
M K Ashton	6,021,832	354,611	6,376,443	10,353,572
P C Lockyer	200,000	-	200,000	-
S D Perrin	-	-	-	40,000,000
Key Management:				
L Ackroyd	562,500	-	562,500	-
A P Bennett	12,619	(12,619)	-	-
P J Collins	-	503,069	503,069	-
G Younge	-	-	-	
C Severino	-	36,395	36,395	-

(ii) Options to acquire fully paid ordinary shares held by Directors and Key Management:

Year Ended 30 June 2013	Balance 30/6/2012	Granted	Date of Grant	Exercised	Lapsed	Balance 30/6/2013	Vested and exercisable
Directors:							
R H Allert	3,000,000	-	-	-	-	3,000,000	3,000,000
N W Gardner	6,000,000	-	-	-	-	6,000,000	6,000,000
G J Bubner	3,000,000	-	-	-	-	3,000,000	3,000,000
D J Cloke (Ret.)	3,000,000	-	-	3,000,000	-	-	-
M K Ashton	3,000,000	-	-	-	-	3,000,000	3,000,000
P C Lockyer	2,000,000	-	-	-	-	2,000,000	2,000,000
S D Perrin	-	-	-	-	-	-	-
Key Management:							
L Ackroyd	1,400,000	-	-	200,000	-	1,200,000	1,200,000
A P Bennett	575,000	-	-	-	-	575,000	575,000
P J Collins	2,500,000	-	-	-	-	2,500,000	2,500,000
G Younge	500,000	-	-	-	500,000	-	-
C Severino	250,000	350,000	26/02/2013	-	-	600,000	600,000

Notes to above table:

Options granted during the year and those held by Directors and Senior Management vest in the individual at date of grant.

The exercise price of options has been reduced as a result of the terms of the Non Renounceable Rights issue of May 2011, an equal distribution of capital to shareholders in June 2011, and the Entitlement Offer which closed in August 2012, which were not available to option holders.

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

Year Ended 30 June 2012	Balance at 30/6/2011	Granted	Date of Grant	Exercised	Lapsed	Balance 30/6/2012	Vested and exercisable
Directors:							
R H Allert	3,000,000	-	-	-		3,000,000	3,000,000
N W Gardner	6,000,000	-	-	-		6,000,000	6,000,000
G J Bubner	3,000,000	-	-	-		3,000,000	3,000,000
D J Cloke	3,000,000	-	-	-		3,000,000	3,000,000
M K Ashton	3,000,000	-	-	-		3,000,000	3,000,000
P C Lockyer	2,000,000	-	-	-		2,000,000	2,000,000
Key Management:							
L Ackroyd	1,200,000	200,000	24/01/2012	-		1,400,000	1,400,000
A P Bennett	500,000	200,000	24/01/2012	125,000		575,000	575,000
P J Collins	-	2,500,000	04/01/2012	-		2,500,000	2,500,000
G Younge	-	500,000	04/01/2012	-		500,000	500,000
C Severino	-	250,000	04/01/2012	-		250,000	250,000

24 REMUNERATION OF AUDITORS

	Consolidated	
	2013	2012
	$	$
Auditing relating to the financial report.	64,540	38,767
Other services	-	24,600
Consultancy Services - Corporate Strategy	-	-
Tax disclosures and consultation	3,000	3,000
	67,540	66,367

The auditor of Western Desert Resources Limited is Deloitte Touche Tohmatsu.

25 RELATED PARTY DISCLOSURES

a) **Equity interests in related parties.**

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22 to the financial statements.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

b) **Key Management Personnel compensation**

Details of the aggregate compensation to key management personnel are disclosed in Note 23.

c) **Transactions with Key Management Personnel**

The following transactions occurred with Key Management personnel or their personally related entities during the year ended 30 June 2013:

Entity	Related Party	$	Nature of Transaction
ASIS Pty Ltd	G J Bubner	24,704	Drafting and Geophysical Services
Titeline Drilling Pty Ltd	M K Ashton	4,156,073	Drilling Services
NWG Nominees Pty Ltd	N W Gardner	71,484	Plant Hire
Remote Contracting Services Pty Ltd	N W Gardner	5,487,122	Equipment Hire and Civil works
Perrin Legal Pty Ltd	S D Perrin	388,190	Consulting Services

As at 30 June 2013 the following unsecured balances were owed by the Company to related parties of Key Management, payable on normal commercial trading terms:

Entity	Related Party	Amount $
ASIS Pty Ltd	G J Bubner	1,833
Titeline Drilling Pty Ltd	M K Ashton	316,473
NWG Nominees Pty Ltd	N W Gardner	57,254
Remote Contracting Services Pty Ltd	N W Gardner	2,317,207
Perrin Legal Pty Ltd	S D Perrin	57,915

No guarantees or loans have been given to or received from related parties or Key Management Personnel.

No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties, if any.

Amounts paid or payable to ASIS Pty Ltd and Perrin Legal Services Pty Ltd in the above tables have been paid pursuant to a Service Agreement between the Company and Mr G J Bubner and Mr S D Perrin, directors of the Company. Those agreements have no fixed term and may be terminated by either party by the giving of three months' notice in writing. There are no minimum payments specified in the agreement.

Directors, Gardner and Lockyer also have Service Agreements with the Company on identical terms and conditions. No payments pursuant to those agreements have been made during the year.

Amounts paid or payable to Titeline Drilling Pty Ltd., Silverstone Drilling Services Pty Ltd and Remote Contracting Services Pty Ltd in the above table have or will be made on the basis of “arm's length terms” on a competitive tender basis.

d) **Equity interests in associates and joint ventures**
Nil.

e) **Transactions with other related parties**
Other related parties include:

- The parent entity
- Entities with joint control or significant influence over the Group
- Associates
- Joint ventures in which the entity is a venturer
- Subsidiaries
- Other related parties

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

26 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) Exploration Expenditure Commitments

The consolidated entity has certain obligations to perform exploration and mining development works that require the expenditure of minimum amounts of money on such works.

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

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

	2013	2012
	$	$
Not later than one year:	1,248,620	3,113,247
Later than one year but not later than two years:	831,506	1,220,700
Later than two years but not later than five years:	753,708	1,509,489
Later than five years	2,704,518	2,318,222
	5,538,352	8,161,658

(b) Native Title

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

(c) Bank Guarantees Issued on behalf of the Company

- As at 30 June 2013, the consolidated entity has given a bank guarantee of $15,840 (2011: $15,840) to Jones Lang LaSalle as a security bond in respect to its office premises.
- As at 30 June 2013, the consolidated entity has given Bank guarantees in respect of rehabilitation of exploration and development projects:-

Project:	**Purpose**	**2013**	2012
		$	$
Roper Bar	Mining Management Plan	2,394,227	636,226
Mountain Creek	Land rehabilitation Act Security	78,847	78,847
Mountain Creek	Mining Management Plan	42,248	16,029
East Rover	Central Land Council	25,000	25,000
East Rover	Mining Management Plan	27,760	32,483
East Rover	Mining Management Act Security	9,284	-
Bundara Creek	Mining Management Plan	4,593	-
Larrimah East	Mining Management Plan	4,500	-
Total Exploration and Development projects		2,586,459	788,585

Note 15 refers' to deposits placed with Bankers in support of performance guarantees.

At the close of the year the Company estimated $383,493 is required as a provision for future rehabilitation costs in respect of the Roper Bar, Mountain Creek and Rover East projects.

(d) Operating Lease

Operating leases relate to leases of office space and storage shed with lease terms not exceeding three years. The operating leases generally contain a market review clause in the event that the consolidated entity exercises an option to renew. The Group does not have options to purchase the leased assets at the expiry of the lease periods.

Non-cancellable operating lease commitments:	**Consolidated**	
	2013	2012
	$	$
Not longer than 1 year	167,885	162,810
Longer than 1 year and not longer than 5 years	56,862	211,656
Longer than 5 years	-	-
	224,747	374,466

Finance lease liabilities are disclosed in Notes 18 to the financial statements.

27 FINANCIAL INSTRUMENTS

Capital management

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

There are no externally imposed capital requirements.

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

27.1 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

(a) Financial Risk Management Policies

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

(i). Treasury Risk Management:

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

(ii). Financial Risk Exposures and Management

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring budgets and forecast to actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$	$	$	$	$	$
30 June 2013							
Non-interest bearing (payables)	-	-	24,337,570	-	-	-	24,337,570
Bridge Finance	7.75			30,000,000	-	-	30,000,000
Finance Lease Liability	-	-	-	-	-	-	-
30 June 2012							
Non-interest bearing (payables)	-	-	2,923,984	-	-	-	2,923,984
Finance Lease Liability	8.14	3,768	7,535	26,373	-	-	37,676

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$	$	$	$	$	$
30 June 2013							
Non-interest bearing	-	-	1,876,224	-	-	24,222	1,900,446
Variable interest rate instruments	3.00	-	9,021,368	-	-	-	9,021,368
Fixed interest rate instruments	4.50	-	-	-	-	2,605,935	2,605,935
30 June 2012							
Non-interest bearing	-	-	606,433	-	-	90,585	697,018
Variable interest rate instruments	3.50	-	10,197,907	-	-	-	10,197,907
Fixed interest rate instruments	5.00	-	-	-	-	1,769,508	1,769,508

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Credit risk

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

There is no material amounts of collateral held as security at 30 June 2013.

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

(b) Fair value measurements recognised in the statement of financial position

Where applicable financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Assets at FVTPL – 2013	Level 1	Level 2	Level 3	Total
	$	$	$	$
Unquoted equities	10	-	-	-
Quoted equities	344,435	-	-	-

Financial Assets at FVTPL - 2012	Level 1	Level 2	Level 3	Total
	$	$	$	$
Unquoted equities	10	-	-	-
Quoted equities	944,405	-	-	-

(c) Categories of Financial Instruments:

	2013	2012
Financial assets:	**$**	$
Cash and bank balances	9,033,143	11,023,010
Loans and receivables	1,864,449	538,439
Held to Maturity Investments	24,222	115,585
Fair value through profit and loss (FVTPL) Designated as at FVTPL – Quoted shares	344,445	944,415
Financial liabilities:		
Amortised Cost	54,337,570	2,960,538

The group manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures. These risks include market risk (including currency risk, interest rate and price risk), credit risk, and liquidity.

(d) Net Fair Values

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

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(e) Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

(f) Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower:

- net profit for the year ended 30 June 2013 would have increased/decreased by $17,222.
- The Group's sensitivity to equity prices has not changed significantly from the prior year.

(g) Sensitivity analysis

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

Interest rate sensitivity analysis

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

At the reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's interest receipts would increase/decrease by $107,927 respectively (2012: $18,259). This is mainly attributable to interest rates on bank deposits.

(h) Financing Facilities	**2013** **$**	**2012** **$**
Secured bank loan facilities with various maturity dates, which may be extended by mutual agreement:		
- amount used	2,602,299	826,072
- amount unused	5,805	49,031

The total amount used above of $2,608,104 has been utilised to provide Bank Guarantees in lieu of cash bonds in respect of exploration projects and as a security bond in respect to an office lease [refer note 26 (c)].

28 SHARE OPTION PLAN

Employee share option plan

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

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

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

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

Employee Share Option Plan:	In existence during the year.	Grant Date	Expiry Date	Face Exercise Price	Adjusted Exercise Price	Fair value at grant date	Lapsed during the year	Exercised during the year
Options – Series								
Series H	350,000	20/01/2010	31/12/2012	$0.60	$0.582635	$0.1917	50,000	300,000
Series K	1,325,000	25/01/2011	29/11/2013	$0.38	$0.362635	$0.1075	-	175,000
Series M	375,000	15/04/2011	24/01/2014	$0.40	$0.382635	$0.1146	-	-
Series P	3,250,000	04/01/2012	23/11/2013	$0.54	$0.535218	$0.1503	500,000	-
Series Q	975,000	24/01/2012	25/01/2015	$0.54	$0.535218	$0.1861	100,000	75,000
Series R	250,000	22/02/2012	05/02/2014	$0.54	$0.535218	$0.3459	-	250,000
Series S	350,00	26/02/2013	10/10/2014	$0.80	Not Applic.	$0.3066	-	-
Totals	**6,875,000**						**650,000**	**800,000**

The weighted average fair value of the employee share options in existence at balance date is $0.1527 (2012: 0.1546).

Details of share-based payment compensation to Directors and Key Management employees during the year were:-

2013	Opening Balance 01/07/2012	Options Exercised during the year			Options granted / (lapsed) during the year			$ Option Value	Balance held 30/06/2013
	Unlisted	Quantity	Expiry Date	Price [1]	Quantity	Expiry Date	Price		Unlisted
Directors:									
D J Cloke (Ret)	**3,000,000**	1,000,000	30/11/2013	0.144785	**-**	**-**		**-**	**-**
		2,000,000	29/11/2013	0.362635	**-**	**-**		**-**	**-**
Key Management:									
L Ackroyd	1,400,000	200,000	31/12/2012	0.582635	-	-		-	1,200,000
A P Bennett	575,000	-	-	-	-	-		-	575,000
P J Collins	2,500,000	-	-	-	-	-		-	2,500,000
G Younge	500,000	-	-	-	(500,000)	-		-	-
C Severino	250,000	-	-	-	350,000	10/10/2014	0.80	107,310	600,000
Total Key Personnel	**8,225,000**	**3,200,000**			**(150,000)**			**107,310**	**4,875,000**

[1] Options are granted at an exercise price which is above the existing share price as at the date of grant. The exercise price is payable by the recipient to the Company upon exercise of the options. For the purposes of the above table the value of options granted during the period has been calculated by reference to the Black-Scholes formula method.

Fair value of share options granted during the year:
The fair value of options granted during the period has been calculated by reference to the Black-Scholes formula method on the basis of the following inputs:-

Inputs into the model:	**26 February 2013**
Grant date share price	0.80
Exercise price [2]	0.80
Expected volatility [1]	75.32%
Option life	1.62 years
Dividend yield	-
Risk free interest rate	3.93%

[1] The Expected Volatility Rate has been based upon an expected volatility having taken into consideration such factors as changes in the market price of the company's ordinary shares in the twelve month period prior to the date of grant.

[2] Applicable exercise prices have been adjusted from the original grant pricing due to the effect of a non-renounceable Entitlement issue announced in June 2012 as Option holders did not participate in this event. The exercise pricing has been adjusted pursuant to ASX Listing Rule 7.22.

The following tables reconcile the outstanding share options granted under the Employee Share Option Plan at the beginning and end of the financial year:

Share Option Plan	**2013**		2012	
(i) Movements during the year	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance at beginning of financial year	6,525,000	$0.5027	3,475,000	$0.4367
Granted during the financial year	350,000	$0.8000	4,550,000	$0.5400
Exercised during the financial year (ii) (iii)	(800,000)	$0.5152	(225,000)	$0.4444
Lapsed during the financial year	(650,000)	$0.5838	(1,275,000)	$0.4663
Balance at end of the financial year (iv)	**5,425,000**	**$0.5052**	**6,525,000**	**$0.5027**

	2013			
(ii) Employee Options exercised during the year:	**Number of options**	**Weighted average exercise price**	**Exercise date**	**Share price at exercise date**
January 2010 (Series H)	300,000	$0.582635	31/12/2012	$0.72
January 2011 (Series K)	25,000	$0.362635	19/09/2012	$0.95
January 2011 (Series K)	150,000	$0.362635	11/10/2012	$0.87
January 2012 (Series Q)	50,000	$0.535218	11/10/2012	$0.87
January 2012 (Series Q)	25,000	$0.535218	27/11/2012	$0.73
February 2012 (Series R)	250,000	$0.535218	12/12/2012	$0.74
Total employee options exercised 2012/2013	**800,000**			

	2012			
(iii) Employee Options exercised during the previous year:	**Number of options**	**Weighted average exercise price**	**Exercise date**	**Share price at exercise date**
April 2011 (Series M)	125,000	$0.387417	06/03/2012	$0.665
January 2011 (Series K)	25,000	$0.367417	09/05/2012	$0.875
January 2012 (Series Q)	25,000	$0.540000	09/05/2012	$0.875
April 2012 (Series Q)	50,000	$0.540000	12/06/2012	$0.880
Total employee options exercised 2012	**225,000**			

(iv) Employee Options outstanding at end of the 2013 financial year	No.	Grant Date	Expiry Date	Exercise Price
Options – Series				
January 2011 (Series K)	1,150,000	25/01/2011	29/11/2013	$0.3800
April 2009 (Series M)	375,000	27/04/2009	24/01/2014	$0.4000
January 2012 (Series P)	2,750,000	04/01/2012	23/11/2013	$0.5400
January 2012 (Series Q)	800,000	24/01/2012	25/01/2015	$0.5400
February 2013 (Series S)	350,000	26/02/2013	05/02/2014	$0.8000
Employee options outstanding 30 June 2013.	**5,425,000**			

Total Options Granted by the Company:

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

Movement in options during the year:	2013 No.	2012 No.
Total Options on issue at the beginning of period	36,525,000	35,196,495
Total Options issued during the year [1]	350,000	4,550,000
Total Options exercised during the year	(3,800,000)	(1,883,289)
Total Options cancelled during the year	(650,000)	(1,338,206)
Total Options on issue at the end of year	**32,425,000**	36,525,000

[1] *Comprises of grant to one employee only during the year.*

Details of Total Options Outstanding at end of the 2013 financial year:

Grant Date	Date of Expiry	Type and Series	Exercise Price *	Number under Option
25-Sep-2008	30-Nov-2013	Unlisted – E (Director)	$0.144785	3,000,000
29-Nov-2010	29-Nov-2013	Unlisted – J (Director)	$0.362635	11,000,000
25-Jan-2011	29-Nov-2013	Unlisted - K	$0.362635	1,150,000
15-Apr-2011	24-Jan-2014	Unlisted - M	$0.382635	375,000
14-June-2011	29-Nov-2013	Unlisted – N (Director)	$0.369468	3,000,000
14-June-2011	24-Dec-2013	Unlisted – O (Placement)	$0.495128	10,000,000
04-Jan-2012	23-Nov-2013	Unlisted – P	$0.535218	2,750,000
03-Feb-2012	25-Jan-2015	Unlisted - Q	$0.535218	800,000
26-Feb-2013	10-Oct-2014	Unlisted - S	$0.535218	350,000
				32,425,000

**The exercise price of options has been reduced as a result of the terms of the Non-Renounceable Entitlement Offer announced in June 2013 which was not available to option holders.*

29 PARENT COMPANY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 3 for a summary of the significant accounting policies relating to the Group.

	2013	2012
	$	$
(a) Financial position		
Assets		
Current assets	11,067,054	10,846,111
Non-current assets	170,098,273	41,680,787
Total assets	181,165,327	52,526,898
Liabilities		
Current liabilities	54,508,449	3,068,550
Non-current liabilities	-	-
Total liabilities	54,508,449	3,068,550
Net assets	126,656,878	49,458,348
Equity		
Issued capital	148,274,983	64,459,621
Share option reserve	2,326,863	2,774,904
Accumulated Losses	(23,944,968)	(17,776,177)
Total equity	126,656,878	49,458,348
(b) Financial performance		
Loss for the year	(6,168,791)	(3,363,200)
Other comprehensive income	-	-
Total comprehensive income	(6,168,791)	(3,363,200)

(c) Guarantees entered into by the parent company

The wholly-owned subsidiaries have entered into a deed of cross guarantee with Western Desert Resources Limited pursuant to ASIC Class Order 98/1418.

(d) Contingent liabilities of the parent company

The parent entity has no contingent liabilities

(e) Capital commitments of the parent

The parent entity has no capital commitments

30 INCOME TAX

	2013 $	2012 $
(a) The components of income tax expense comprise:		
Current tax expense in respect of financial year	(1,856,875)	(7,124,806)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences and tax losses	1,856,875	7,124,806
Total tax expense/(income)	-	-
The prima facie income tax expense on the loss before income tax reconciles to the tax expense/(income) in the financial statements as follows:		
Loss from continuing operations	(6,618,791)	(3,363,200)
Income tax benefit calculated at 30%	(1,850,637)	(1,008,960)
Add/(less):		
Effect of share based payments	32,193	236,637
Effect of In-specie distribution	-	(150,334)
Effect of expenses that are not deductible in determining taxable profit	172,962	24,504
Temporary differences not recognised as a deferred tax asset	(1,503,116)	(6,247,269)
Temporary differences now recognised	-	-
Prior year recognition of deferred tax liability	(353,792)	216,141
Tax losses not recognised as a deferred tax asset	3,700,129	7,124,806
Other Tax adjustments	(197,739)	(195,525)
Income tax expense (income)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate since incorporation.

(b) Recognised deferred tax assets and liabilities		**Consolidated**
	2013 $	2012 $
Trade and other receivables	-	5,400
Exploration and evaluation expenditure	(14,631,800)	(11,443,864)
Other	(925,064)	-
Employee provisions	51,564	32,404
Share issue costs	1,428,495	352,592
Investments	-	233,736
Rehabilitation provision	1,556,704	155,040
	(12,520,101)	(10,664,692)
Temporary difference not recognised	(12,520,101)	-
Temporary differences now recognised	(4,521,834)	-
Tax losses recognised	-	10,664,692
Tax losses not recognised	17,041,935	-
	-	-

A deferred tax balance has been recognised in the parent entity so as to offset the DTL recognised in the subsidiaries as a result of the expenditure incurred on exploration activities. On consolidation the DTA and DTL are net off and give a more accurate picture of what is the overall tax position of the group.

(c) Unrecognised tax assets:
Deferred tax assets have not been recognised in respect of the following:

Recognised deferred tax assets and liabilities	**Consolidated**	
	2013	2012
	$	$
Temporary Differences	(12,520,101)	(10,664,692)
Tax losses on Revenue account	17,041,935	13,341,845
Tax losses on Capital account	1,031,130	847,955
	5,552,964	3,525,108

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.

(d) Movements in recognised deferred tax balances	**Consolidated**	
	2013	2012
	$	$
Balance at the beginning of the period	-	-
Transfer from subsidiaries	-	-
Recognised in income	-	-
Closing balance	-	-

(e) Tax Consolidation

Relevance of tax consolidation to the Group

The Company, Red Desert Minerals Pty Ltd, WDR Base Metals Pty Ltd, WDR Gold Pty Ltd and WDR Iron Ore have formed a tax-consolidated group with effect from 1 July 2008 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Western Desert Limited. The members of the tax-consolidated group are identified at note 22.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing arrangement with the head entity. Under the terms of the tax funding arrangement, Western Desert Resources Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding agreement.

31 SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis.

The Consolidated Entity operates in the mineral exploration industry and the development from successful exploration in one geographic location, the Northern Territory of Australia.

31.1 Segment revenues and results

The Consolidated Entity does not yet generate revenue and profits from external customers. There were no inter-segment sales in the current year (2012: Nil).

31.2 Segment assets and liabilities

The following is an analysis of the company assets by reportable operating segment for the period under review.

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance.

The company's reportable segments under AASB 8 are therefore as follows:-

- Exploration
- Development and Construction

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies.

Segment assets represent the assets in each segment, without allocation of corporate assets made up of $11,026,911 (2012: $11,993,527). This is the measure reported to the chief operating decision maker for the purpose of resource allocation.

Segment Assets:	**30-Jun 2013**	30-Jun 2012
Exploration tenements (Non Roper Bar)	7,310,040	5,987,055
Exploration tenements (Roper Bar)	25,878,143	33,104,207
Evaluation and Development (Roper Bar)	142,139,245	1,958,909
Corporate, including cash and cash equivalents*	11,026,911	11,993,527
Consolidated total assets	**186,354,339**	**53,043,698**

*Cash and cash equivalents amount to $9,021,368 (2012:$10,197,907)

32 SUBSEQUENT EVENTS

At the date these financial statements were approved, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements and within the Directors Report. The company has made announcements since the close of the financial year of its activities and results in the normal course of business and as required pursuant to the ASX rules and disclosure obligations.

On 6th September 2013 the company announced to the market that it had signed agreements for Macquarie Bank Limited to provide all remaining project debt finance for construction of the Roper Bar iron ore mine in the Northern Territory.

On 20th September, 2013 the company announced that it has agreed to issue approximately 46.15 million new ordinary shares at an issue price of $0.65 per share to sophisticated and institutional investors to raise gross proceeds of $30 million. In addition to this Placement, WDR will be offering all WDR shareholders the opportunity to subscribe for new shares under a Share Purchase Plan. Under this Plan each WDR shareholder will be offered the opportunity to subscribe for up to $15,000 of new shares at an issue price of $0.65 per share. The funds raised under the Placement and the Share Purchase Plan will replace funding previously to be provided by way of revolving credit facility from Noble Resources International Pte Ltd. These equity raisings are subject to the approval of shareholders at the Annual General Meeting.

Acceptance of the Macquarie debt facility and additional equity raised will finance completion of the Stage 1 Direct Shipping Ore ("DSO") grade mining and construction operations for the project.

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 27th September 2013.

DIRECTORS' DECLARATION

The directors declare that:

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

b) in the director's opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the directors have been given the declarations required by s.295A of the Corporations Act 2001

At the date of this declaration, the company is within a class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantees is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 22 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

On behalf of the directors:

R H Allert
Chairperson

N W Gardner
Managing Director

Adelaide, South Australia
27 September 2013

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 8 8407 7000
Fax: +61 8 8407 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Western Desert Resources Limited

We have audited the accompanying financial report of Western Desert Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on page 49 to 89.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Western Desert Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 40 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Western Desert Resources for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants
Adelaide, 27 September 2013

91

ASX ADDITIONAL INFORMATION

As at 31 August 2013 the Company had issued the following securities:

	Fully Paid Ordinary Shares	Quantity of Options	Option Exercise Price	Option Expiry Date
Quoted Securities:	392,493,317	-	-	-
Unquoted Securities:				
Unlisted Director options "E"		3,000,000	$0.144785	30/11/2013
Unlisted Employee options "M"		375,000	$0.382635	24/01/2014
Unlisted Employee options "K"		1,150,000	$0.362635	29/11/2013
Unlisted Director options "J"		11,000,000	$0.362635	29/11/2013
Unlisted Director options "N"		3,000,000	$0.369468	29/11/2013
Unlisted options "O"		10,000,000	$0.495218	24/12/2013
Unlisted options "P"		2,750,000	$0.535218	23/11/2013
Unlisted options "Q"		800,000	$0.535218	25/01/2015
Unlisted options "S"		350,000	$0.800000	10/10/2014
Total all Securities	**392,493,317**	**32,425,000**		

Distribution of Holders: Range:	Fully Paid Ordinary Shares No. Holders	Listed Options No. Holders	Unquoted Options No. Holders
1 - 1,000	1,046	-	**-**
1,001 - 5,000	1,105	-	**-**
5,001 - 10,000	693	-	**-**
10,001 - 100,000	1,553	-	**5**
100,001 - over	348	-	**15**
TOTAL	**4,745**	**-**	**20**

The number of holders holding less than a marketable parcel of ordinary shares was 875.

Voting Rights of Securities

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

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

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

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

Options do not carry voting rights.

Substantial Shareholders

As at 31 August 2013 the substantial holders lodged with the company were:

Beneficial Owner	Number of Shares	% of Ordinary Shares Held
Permat Holdings Pty Ltd	40,000,000	10.19%
Investment Holdings Pty Ltd	13,654,489	3.48%
BLM Superannuation Nominees Pty Ltd	3,180,000	0.81%

ASX Additional Information

Twenty largest holders of ordinary shares as at 31 August 2013

Name	Number of shares held	Percentage of issued shares held
Permat Holdings Pty Ltd	40,000,000	10.19%
Investment Holdings Pty Ltd	13,654,489	3.48%
Mabra Resources Pty Ltd	13,165,458	3.35%
Crownace Pty Ltd	11,715,628	2.98%
Panchek Pty Ltd	11,643,652	2.97%
Contango Nominees Pty Ltd	11,584,361	2.95%
Greenstone Property Pty Ltd	11,237,447	2.86%
Devitt Superannuation Fund Pty Ltd	10,272,727	2.62%
Mr Norm Gardner	8,361,263	2.13%
National Nominees Limited	7,238,322	1.84%
AMP Life Limited	6,543,558	1.67%
Mr Mick Ashton	6,384,609	1.63%
J P Morgan Nominees Pty Ltd	5,964,591	1.52%
Tolbush Pty Ltd	5,629,869	1.43%
Diah (NT) Pty Ltd	4,642,857	1.18%
Macquarie Bank Limited	4,464,286	1.14%
Gervale Nominees Pty Ltd	4,455,349	1.14%
Mr Graham Bubner	4,203,101	1.07%
BNP Paribas Nominees Pty Ltd	3,917,360	1.00%
HSBC Custody Nominees (Australia) Limited	3,567,911	0.91%
TOTAL	**188,646,838**	**48.06%**

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