

Western Desert Resources' vision is to be the leading low-cost iron ore producer in Northern Australia while generating wealth and prosperity for the people of the Roper and other regions where we operate.

FAST FACTS

ASX Code	WDR
Issued Shares	500m
Market Cap	A\$295m

DIRECTORS

Rick Allert	Chairman
Norm Gardner	MD
Graham Bubner	Director
Phillip Lockyer	Director
Bruce Mathieson	Director
Scott Perrin	Director

COMPANY HIGHLIGHTS

Iron Ore

- Roper Bar & Mountain Creek projects (NT)
- Hematitic iron ore
- Total Inferred, Indicated & Measured Mineral Resource estimates of [611Mt @ 40% Fe including DSO of 47.4Mt @ 57.3% Fe]
- Low Impurities
- Proximity to coast and markets

Gold / Copper

- East Rover Project near Tennant Creek (NT)

CONTACT DETAILS

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WESTERN DESERT RESOURCES RELEASE OF HALF YEAR REPORT AND MARKET UPDATE

Western Desert Resources Limited (ASX Code: WDR) (**WDR**) today releases its Half Year Results and announces the following updates to the market:

- WDR downgrades short term shipping forecast for March and April given significant wet weather and below expectation performance from its barging contractor during January and February;
- WDR announces decision to change transshipment barging operations in a phased cooperative manner and is confident it has both the hardware and experienced operators to achieve annualized production forecasts during the dry season;
- WDR secures additional short term working capital bridge funding of \$12 million from Macquarie Bank Limited (MBL), and obtains deferral of scheduled March quarter debt amortisation;
- WDR announces a fully underwritten 6 for 25 traditional renounceable entitlement offer at an issue price of A\$0.50 per new WDR share (**Entitlement Offer**). The Entitlement Offer will raise approximately \$60 million and will be used to fund working capital requirements, settle derivative hedge liabilities and repay short term working capital bridge funding the Company expects to draw down from MBL prior to the end of April 2014.
- Reconciliation of ore tonnes mined in WDR's first 3 months of operations has revealed better grade and recovered more tonnes compared to resource model and grade control model data. As a result, the Fe content of WDR's product shipped to date has averaged 60% Fe.

EXPORT OPERATIONS COMMENCED IN DECEMBER

- The First load of "Roper Red" iron ore was delivered via WDR's 165km privately owned sealed haul road to the Bing Bong Loading Facility for its official opening on 9 December 2013.
- Loading of first barge commenced on 19 December 2013.
- Loading of first ship completed on 19 January 2014.

JANUARY & FEBRUARY TRANSHIPMENT OPERATIONS BELOW EXPECTATIONS – NEW HARDWARE & ADDITIONAL MANAGEMENT DEPLOYED

- A slower than anticipated loading rate by our Barging Contractors was encountered for the first shipment. A combination of factors contributed to this slow loading rate. These included longer than anticipated skill development, adverse weather and actual process change for barging.

- As a result in mid-January 2014, the Barging Contractor deployed a further 2 tugs – increasing total tug capacity from 4 to 6, with the first Tug arriving in early February, and the second in mid-February.
- Additionally, a further barge was deployed in mid-February, making four barges in total.

CONTINUED POOR WEATHER IN EARLY MARCH HAMPERS BARGING PERFORMANCE & SHORT TERM FORECAST FOR MARCH & APRIL

- Whilst the deployment of the additional hardware during February did see a gradual increase in tonnages barged, the overall result expected was not achieved. In addition, adverse weather (in particular, heavy rainfall) also limited capacity. Weather conditions have continued to be sub-optimal in the first week of March.
- Whilst WDR always anticipated a lower throughput in the months of December through to March, especially upon initial commencement of operations, the 2013/14 wet season has been more severe than expected.
- As a consequence, WDR has downgraded its expected tonnes shipped/exported for March and April, placing further pressure on its current working capital funding requirements.
- WDR now expects to ship 120,000 tonnes in March 2014 and 180,000 tonnes in April 2014, before achieving full annualised production levels in excess of 250,000 tonnes in May and June 2014, which it expects to continue delivering during the dry season months.
- Together with the below expectation performance in January and February 2014, the downgrade in forecast tonnes for March and April 2014 has given rise to the need to raise additional capital under the Entitlement Offer.

WDR DECISION TO CHANGE TRANSHIPMENT OPERATIONS IN A PHASED COOPERATIVE MANNER TO IMPROVE TRANSHIPMENT OPERATIONS & DELIVER ANNUALISED PRODUCTION TARGETS

- A review of the operational capacity of the Barging Operator, its systems and methods have led to WDR and its current Barging operator agreeing to a change of operator and some hardware in a phased and cooperative manner.
- Based upon the complete review of processes to date re barging, a realignment of hardware and anticipated change to transshipment operations, WDR expects that its revised barging monthly targets will be achieved moving forward.

WDR SECURES ADDITIONAL SHORT TERM WORKING CAPITAL BRIDGE FINANCE

- On 10 March 2014, WDR secured additional short term working capital bridge funding of \$12 million from MBL, and obtained a deferral of the scheduled March 2014 quarter debt amortization.
- Short term working capital bridge funding will be repaid in full from the Entitlement Offer proceeds, ensuring drawn project finance remains at \$80.65 million at the end of April 2014.
- Based on achieving revised shipping forecasts and ramp-up, WDR expect to reduce the MBL project finance debt by a further \$20 million in the June 2014 quarter, ensuring drawn MBL debt of \$60.65 million as at 30 June 2014.

WDR ANNOUNCES TRADITIONAL RENOUNCEABLE RIGHTS ISSUE TO RAISE \$60M

- WDR today announces a fully underwritten 6 for 25 traditional renounceable entitlement offer at an issue price of A\$0.50 per new WDR share (**Entitlement Offer**).
- The Entitlement Offer will raise approximately \$60 million and will be used to fund working capital requirements, settle derivative hedge liabilities and repay short term working capital bridge funding the Company expects to draw down from MBL prior to the end of April 2014.
- Further details of the Entitlement Offer are outlined in a separate ASX Announcement released to the market today.

LOGISTICS CHAIN & INFRASTRUCTURE WITHSTANDS RECORD WET SEASON

- The severe wet season has ensured WDR's logistics infrastructure has been well tested.
- WDR confirms that 98% of the haul road was unaffected, and that approximately 3km of the road will require immediate remedial works, which WDR anticipates to undertake after the wet season at an estimated cost of \$2.5m.
- These works will ensure that with the exception of extreme conditions, WDR's logistics chain can operate continuously.
- The performance of WDR's loading facility and the performance at its mine site during these wet conditions was remarkable, giving WDR confidence going forward.
- The commencement of operations at the beginning of what has become a severe wet season, combined with poor barging tonnes, have eroded WDR's working capital, necessitating the decision by the Directors to undertake the Entitlement Offer.
- Positively, reconciliation of tonnes mined in WDR's first 3 months of operations has revealed better grade and more recovered tonnes than modelled. As a result the Fe content of WDR's product shipped to date has averaged 60% Fe.
- Additionally, with Thiess commencing their mining contract in late January, greater than 85% of WDR's C1 operating cash costs are now contracted allowing WDR to confirm expectations that upon achieving its stated annualised tonnage of 3mtpa it expects FOB costs to be below \$65 per tonne.

For further information please contact:

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