

11 March 2014

Company Announcements Office,  
ASX Securities Limited,  
20, Bridge Street,  
Sydney, N.S.W. 2000

**Western Desert Resources Limited (ASX Code: WDR)  
Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth)**

Western Desert Resources Limited (**WDR**) refers to the Appendix 3B lodged with ASX on 11 March 2014 in relation to a renounceable pro-rata entitlement offer of fully paid ordinary shares in the capital of WDR (**Shares**) under which eligible shareholders of WDR (**Eligible Shareholders**) are entitled to subscribe for 6 Shares for every 25 Shares held on the record date (being, 7.00pm (Adelaide time) on 19 March 2014) at the issue price of A\$0.50 per Share (**Entitlement Offer**).

WDR gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by CO 08/35) that:

1. The Shares being offered under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice, WDR has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to WDR; and
  - (b) section 674 of the Corporations Act.
3. As at the date of this notice, there is no information that is 'excluded information' within the meaning of sections 708AA(8) and (9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act as notionally modified by CO 08/35;
4. The potential effect that the Entitlement Offer will have on the control of WDR, and the consequences of that effect, are as follows.
  - (a) If all Eligible Shareholders take up their entitlements under the Entitlement Offer, the Entitlement Offer is not likely to have significant effect on the control of WDR.
  - (b) If Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, the percentage shareholding interests of those Eligible Shareholders may be diluted.
  - (c) Where Eligible Shareholders do not take up part or all of their entitlement under the Entitlement Offer, Shares will be offered to Eligible Shareholders who subscribe for Shares in excess of their entitlement (**Oversubscription**). To the extent that Eligible Shareholders are allotted Shares because of Oversubscription, those Eligible Shareholders may increase their percentage shareholding interests in WDR.
  - (d) If there are any Shares that have not been allocated to Eligible Shareholders after all applications for Oversubscriptions have been satisfied (a **Shortfall**), that Shortfall will be dealt with as follows:

- (i) Ord Minnett Limited (the **Lead Manager**) has agreed to underwrite the Entitlement Offer; and
- (ii) the Lead Manager has procured the following sub-underwriting commitments:
  - (A) BLM Superannuation Nominees Pty Ltd (**BLM Nominees**), an entity controlled by WDR director Bruce Mathieson, has agreed to act as sub-underwriter of the Entitlement Offer and acquire up to A\$14.211 million of Shares from any Shortfall; and
  - (B) a number of other institutional investors unrelated to WDR (the **Other Sub-underwriters**) have agreed to act as sub-underwriters of the Entitlement Offer and acquire up to (in aggregate A\$35 million of Shares from any Shortfall.
- (e) If there is a Shortfall, it will be allocated by the Lead Manager among BLM Nominees and the Other Sub-underwriters on a pro-rata basis by reference to their respective sub-underwriting commitments.
- (f) Mr Bruce Mathieson, non-executive director of WDR who controls or is associated with entities that collectively hold 17.98% of WDR's existing shares, has undertaken to procure that those entities take up their entitlement in full (equal to 21,578,739 Shares, based on their shareholding as at the date of this notice).
- (g) Should no Eligible Shareholders (other than those controlled by or associated with Bruce Mathieson) take up their entitlement under the Entitlement Offer, and no such Eligible Shareholders transfer their entitlements under the Entitlement Offer to third parties who then take up the Shares the subject of those entitlements, then under the terms of the underwriting and sub-underwriting arrangements described above:
  - (i) a maximum of 28,421,261 Shares will be issued to BLM Superannuation Nominees Pty Ltd (as sub-underwriter);
  - (ii) a maximum of 70,000,000 Shares will be issued to the Other Sub-underwriters (as sub-underwriters); and
  - (iii) a maximum of 9,662 Shares will be issued to Ord Minnett (or its nominees) (as underwriter).
- (h) The potential effect on the control of WDR as a result of the Other Sub-underwriters and Ord Minnett taking up the maximum number of Shares referred to above is negligible as it will be unlikely to effect the control of WDR (with such Shares being divided among a disparate number of unrelated shareholders and representing less than 11.3% of WDR's total number of Shares on issue upon completion of the Entitlement Offer).
- (i) The potential effect on the control of WDR as a result of BLM Nominees taking up the maximum number of Shares referred to above (when combined with all Eligible Shareholders associated with or controlled by Bruce Mathieson taking up their entitlements to 21,578,739 Shares, based on their shareholding as at the date of this notice) is that it will increase Bruce Mathieson's voting power in WDR from 17.98% (as at the date of this notice) to 22.56%.
- (j) The consequences of this effect on the control of WDR are as follows:
  - (i) Bruce Mathieson will have an increased ability to influence the voting outcome on a resolution of Shareholders that requires approval by ordinary resolution (ie, resolutions requiring approval by more than 50% of votes cast).

- (ii) Bruce Mathieson will have increased significant influence on the voting outcome on a resolution of Shareholders that requires approval by special resolution (ie, resolutions requiring approval by more than 75% of votes cast) – such as resolutions to amend WDR's constitution and amend WDR's name.
- (iii) Bruce Mathieson will have an increased ability to prevent a change of control transaction affecting WDR, as he will have increased significant influence on the voting outcome on a resolution of Shareholders to approve a scheme of arrangement (which requires approval by more than 75% of votes cast).

Yours sincerely,

**Graham Bubner**  
**Company Secretary**