

12 March 2014

Dear Shareholder

## Renounceable Entitlement Offer

On 11 March 2014 Western Desert Resources Limited (**WDR**) announced the details of an underwritten renounceable entitlement offer (**Entitlement Offer**) that entitles eligible WDR shareholders to subscribe for 6 new WDR shares for every 25 WDR shares held on the record date of 7.00pm (Adelaide time) on 19 March 2014 (**Record Date**) at an offer price of \$0.50 per WDR share. The Entitlement Offer seeks to raise approximately \$60 million.

### Offer details

The Entitlement Offer entitles every person who is registered as the holder of WDR shares at 7.00pm (Adelaide time) on the Record Date (**Eligible Shareholders**) to subscribe for 6 new WDR shares for every 25 WDR shares held on the Record Date at an offer price of \$0.50 per WDR share.

Fractional entitlements will be rounded up to the nearest whole number.

The Entitlement Offer is open for acceptance by Eligible Shareholders from 24 March 2014 until 5.00pm (Sydney time) on 7 April 2014, subject to variation of the timetable for the Entitlement Offer in accordance with the ASX Listing Rules.

WDR shares issued under the Entitlement Offer will be issued as fully paid ordinary shares in WDR and will rank equally with existing ordinary shares in WDR.

The proceeds from the Entitlement Offer 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 Macquarie Bank Limited prior to the end of April 2014.

### Rights trading

The Entitlement Offer is renounceable, meaning that Eligible Shareholders may sell their rights to subscribe for new WDR shares under the Entitlement Offer (**Rights**) to third parties if they do not want to take them up. A market will be established on ASX to facilitate trading of these Rights, and trading of Rights on ASX will commence on 13 March 2014 and will cease on 31 March 2014.

### Offer Booklet

The Entitlement Offer will be conducted without a disclosure document in accordance with the section 708AA of the Corporations Act.

An Offer Booklet setting out full details of the Entitlement Offer (together with a personalised Entitlement and Acceptance Form) will be sent to Eligible Shareholders on or about 24 March 2014 and will be available to download from both the ASX website (at [www.asx.com.au](http://www.asx.com.au)) and WDR's website (at [www.westerndesertresources.com.au](http://www.westerndesertresources.com.au)) at that time.

You are encouraged to read the Offer Booklet in full before making a decision in respect of the Entitlement Offer.

### **Top-Up Facility**

Eligible Shareholders who take up their Rights in full may subscribe for additional WDR shares from a pool of those not taken up by other shareholders under the Entitlement Offer (**Top Up Facility**). There is no guarantee that applicants under the Top Up Facility will receive the number of additional WDR shares applied for under the Top Up Facility, or any, and the Directors reserve the right to allot and issue additional WDR shares under the Top Up Facility at their discretion.

### **Impact of WDR's share capital**

The following table sets out the number of issued WDR shares as at 10 March 2014 (the trading day immediately prior to the announcement of the Entitlement Offer) and the maximum number of issued WDR shares at completion of the Entitlement Offer:

<b>WDR ordinary shares</b>	<b>Number</b>
Number on issue as at 10 March 2014	500,040,257
Maximum number to be issued under Entitlement Offer	120,009,662
Maximum number on issue following Entitlement Offer	620,049,919

\* *This is based on WDR's undiluted share capital as at 10 March 2014 and assumes that all WDR shareholders take up their full entitlements under the Entitlement Offer. These figures are approximate as individual entitlements under the Entitlement Offer will be rounded up to the nearest whole figure.*

There are currently 925,000 unlisted options to subscribe for WDR shares on issue. Notice of the Entitlement Offer was sent to option holders on 11 March 2014 in order to enable them to exercise their options prior to the Record Date and participate in the Entitlement Offer in respect of the WDR shares underlying their options (if they wish to do so). If all or some of these options are exercised prior to the Record Date this will impact the maximum number of WDR shares to be issued under the Entitlement Offer.

The exercise price of all unexercised options will be adjusted in accordance with the ASX Listing Rules following the Entitlement Offer, in accordance with their terms.

### **Support from Non-executive director Bruce Mathieson**

Mr Bruce Mathieson, a 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.

### **Underwriting and sub-underwriting**

An underwriting agreement has been entered into between WDR and Ord Minnett Limited (**Ord Minnett**) under which Ord Minnett has agreed to fully underwrite the Entitlement Offer. Ord Minnett will receive an underwriting fee of 3% and a selling and management fee of 1% of the gross proceeds of the Entitlement Offer (in each case, plus GST).

In addition, Ord Minnett has entered into sub-underwriting arrangements with BLM Superannuation Nominees Pty Ltd (**BLM Nominees**), an entity controlled by Bruce Mathieson, under which BLM

Nominees has agreed to act as sub-underwriter of the Entitlement Offer and acquire up to A\$14.211 million of any shortfall in applications for new WDR shares under the Entitlement Offer.

**Broker handling fee**

A broker handling fee of 0.5% of the application monies per acceptance (up to a maximum amount of \$250 per acceptance) will be paid by WDR for every acceptance or renunciation lodged on behalf of an Eligible Shareholder. The broker handling fees will be determined by WDR after the Closing Date and will be paid from the proceeds of the Entitlement Offer.

**Timetable**

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

**No shareholder approval required**

Shareholder approval is not required for WDR to undertake the Entitlement Offer.

**Further information**

You are encouraged to read the Offer Booklet in full before making a decision in respect of the Entitlement Offer.

If you have any queries in relation to the Entitlement Offer, please contact Computershare Investor Services Pty Ltd on 1300 651 474 (within Australia) or +61 3 9415 4127 (outside Australia).

Yours sincerely

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

**ANNEXURE**

<b>Event</b>	<b>Date <sup>(1)</sup></b>
<b>Announcement of Entitlement Offer</b> Announcement of the Entitlement Offer and lodgment of Appendix 3B and Cleansing Notice with ASX.	11 March 2014
<b>Ex Date</b> WDR shares quoted on 'ex basis' on ASX.	13 March 2014
<b>Rights Trading Commencement Date</b> Rights trading commences on ASX.	13 March 2014
<b>Record Date</b> The date for determining entitlements of WDR shareholders to participate in the Entitlement Offer.	7.00pm (Adelaide time) on 19 March 2014
<b>Entitlement Offer Opening Date</b> Despatch of Offer Booklet and Entitlement and Acceptance Forms. The Entitlement Offer opens for Acceptances.	24 March 2014
<b>Rights Trading End Date</b> Last day of rights trading on ASX.	31 March 2014
<b>Deferred Settlement Trading</b> New WDR shares issued under the Entitlement Offer expected to commence quotation on ASX on a deferred settlement basis.	1 April 2014
<b>Entitlement Offer Closing Date</b> The last day for receipt of acceptances.	5.00pm (Sydney time) on 7 April 2014
<b>Entitlement Offer Shortfall Date</b> Announcement of any shortfall under the Entitlement Offer to ASX.	10 April 2014
<b>Allotment Date for Entitlement Offer</b> Allotment date for new WDR shares allotted under the Entitlement Offer.	15 April 2014
<b>Normal Trading</b> New WDR shares issued under the Entitlement Offer expected to commence quotation on ASX on a normal T + 3 basis.	16 April 2014

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