

24 March 2014

Manager Companies
ASX Market Announcements
ASX Securities Limited
20 Bridge Street
Sydney, NSW 2000

ASX code : WDR

Dear Sir/Madam

Notice of dispatch of Entitlement Offer Booklet and Entitlement and Acceptance forms to eligible shareholders.

Western Desert Resources Limited (**WDR**) refers to its Appendix 3B lodged with ASX on 11 March 2014 and its ASX announcement on 11 March 2014 in relation to an entitlement offer to raise approximately \$60 million by way of a 6 for 25 fully underwritten renounceable pro-rata entitlement offer priced at A\$0.50 per new WDR share (**Entitlement Offer**).

The Entitlement Offer Booklet and the Entitlement and Acceptance form in relation to the Entitlement Offer were dispatched to eligible shareholders today.

Yours faithfully,



Mark Seatree
Company Secretary

WESTERN DESERT

RESOURCES

WESTERN DESERT RESOURCES LIMITED

ACN 122 301 848

ENTITLEMENT OFFER BOOKLET

**6 for 25 Entitlement Offer of approximately 120 million New Shares
at an Offer Price of \$0.50 per New Share**

CLOSING DATE: 5.00pm (Sydney time) on Monday, 7 April 2014

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Important Information

Forward-looking statements

This Offer Booklet contains forward-looking statements that are based on information and assumptions and involve expectations or beliefs as to future events or results as at the date of this Offer Booklet. All forward-looking statements are represented in good faith and have a reasonable basis at the time at which they are made. However, such statements are subject to various risks and uncertainties, many of which are beyond the control of WDR, which could cause actual results to differ materially from those represented by the forward-looking statements.

Forward-looking statements in this Offer Booklet speak only at the date of this Offer Booklet. Subject to any continuing obligations under applicable law or the Listing Rules, WDR does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Any representation in this Offer Booklet should not be relied upon as to its accuracy or completeness nor as a recommendation or forecast by WDR. WDR advises that independent advice be sought before making any binding decision in connection with the Entitlement Offer in this Offer Booklet.

Not a prospectus

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35). This Offer Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision.

Eligible Shareholders outside Australia should note that the New Shares are being offered in accordance with the disclosure requirements of the Corporations Act, and those disclosure requirements may differ from the disclosure requirements in jurisdictions outside Australia.

Defined words and expressions

Some words and expressions used in this Offer Booklet have defined meanings, which are explained in Section 9, as are certain rules of interpretation, that apply to this Offer Booklet.

A reference to time in this Offer Booklet is to Sydney time, unless otherwise stated.

All financial amounts in this Offer Booklet are expressed in Australian currency, unless otherwise stated.

Date of Offer Booklet

This Offer Booklet is dated 14 March 2014.

No cooling-off rights

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

Disclaimer of representations

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

Any information or representation that is not contained in this Offer Booklet may not be relied on as having been authorised by WDR in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of WDR, or any other person, warrants or guarantees the future performance of WDR or any return on any investment made pursuant to the Entitlement Offer.

Not financial product advice

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

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

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

Chairman's Letter

14 March 2014

Dear Shareholder

On behalf of the Directors, I am pleased to offer Eligible Shareholders the opportunity to participate in a traditional pro rata renounceable entitlement offer of up to 120,009,662 New Shares (subject to rounding) to raise approximately \$60 million (before costs and expenses).

The Entitlement Offer gives an Eligible Shareholder the right to take up 6 New Shares for every 25 Shares held by that Eligible Shareholder as at 7.00pm (Adelaide time) on Wednesday, 19 March 2014 at an Offer Price of \$0.50 per New Share.

The Entitlement Offer provides you with an opportunity to increase your investment in WDR at an attractive price. The Offer Price of \$0.50 per New Share represents a discount of 15.3% to the closing market price of WDR's Shares on 6 March 2014 (being the last trading day on which Shares traded prior to the announcement of the Entitlement Offer on 11 March 2014) of \$0.59 per Share.

The Entitlement Offer is renounceable and therefore if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on the ASX between Thursday, 13 March 2014 and Monday, 31 March 2014, or transfer all or part of your Entitlement directly to another person (please refer to Section 3 of this Offer Booklet for more information).

The Entitlement Offer is fully underwritten.

After payment of the costs and expenses of the Entitlement Offer, the proceeds from the Entitlement Offer will be used to fund working capital requirements, settle derivative hedge liabilities and repay short term working capital bridge funding WDR expects to draw down from Macquarie Bank Limited prior to the end of April 2014.

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

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

Yours sincerely



RH Allert AO
Chairman

Key Entitlement Offer Statistics

Offer Price	\$0.50 per New Share
Entitlement ratio	6 New Shares for every 25 Shares held on the Record Date
Number of New Shares to be issued under the Entitlement Offer	Approximately 120 million
Gross Entitlement Offer proceeds	Approximately \$60 million

Key Dates

Event	Date
Announcement of Entitlement Offer Announcement of the Entitlement Offer and lodgment of the Appendix 3B and Cleansing Notice with ASX.	Tuesday 11 March 2014
Ex Date, Rights trading commences Shares quoted on 'ex basis' on ASX and Rights trading commences on ASX	Thursday 13 March 2014
Record Date The date for determining entitlements of Shareholders to participate in the Entitlement Offer.	7.00pm (Adelaide time) on Wednesday 19 March 2014
Entitlement Offer Opening Date Despatch of Offer Booklet and Entitlement and Acceptance Forms. Entitlement Offer opens.	Monday 24 March 2014
Rights trading ends Last day of Rights trading commences on ASX	Monday 31 March 2014
Deferred settlement trading commences New Shares commence trading on ASX on a deferred settlement basis	Tuesday 1 April 2014
Entitlement Offer Closing Date The last day for receipt of applications.	5.00pm (Sydney time) on Monday 7 April 2014
Entitlement Offer Shortfall Date Announcement of any shortfall under the Entitlement Offer to ASX.	Thursday 10 April 2014
Allotment Date for Entitlement Offer Allotment Date for New Shares allotted under the Entitlement Offer.	Tuesday 15 April 2014
Normal Trading New Shares expected to commence quotation on ASX on a normal T + 3 basis.	Wednesday 16 April 2014

The above timetable is indicative only and subject to change.

WDR reserves the right to vary any of the above dates without notice subject to the requirements of the Corporations Act, the Listing Rules and other applicable laws, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the New Shares.

Corporate Directory

Directors

Mr Rick Allert AO – Chairman
Mr Norman Gardner – Managing Director
Mr Graham Bubner – Executive Director
Mr Phillip Lockyer – Non-Executive Director
Mr Bruce Mathieson – Non-Executive Director
Mr Scott Perrin – Non-Executive Director

Company Secretary

Mr Graham Bubner

Registered Office

Terminal One Building
Tenancy 2
396 Stuart Highway, WINNELLIE NT 0820

Telephone: +61 8 8995 6900
Facsimile: +61 8 8918 8033

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

Auditor

Deloitte
Level 17, 11 Waymouth Street
Adelaide SA 5000

Legal Adviser

Allens
101 Collins Street
Melbourne VIC 3000

Website: www.westerndesertsources.com.au

1. Details of the Entitlement Offer

1.1 Overview of the Entitlement Offer

The Entitlement Offer is an offer of approximately 120 million New Shares at the Offer Price of \$0.50 per New Share. All Eligible Shareholders are entitled to subscribe for 6 New Shares for every 25 Shares held at 7.00pm (Adelaide time) on the Record Date.

The Offer Price of \$0.50 per New Share represents a discount of 15.3% to the closing market price of WDR's Shares on 6 March 2014 (being the last trading day on which Shares traded prior to the announcement of the Entitlement Offer on 11 March 2014) of \$0.59 per Share.

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

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

1.2 What is my Entitlement?

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

Please note that if you choose not to accept your Entitlement under the Entitlement Offer your shareholding in WDR will be diluted.

1.3 Opening and Closing Dates

The Entitlement Offer opens on Monday, 24 March 2014.

The Closing Date and time for applications and payments to be received is 5.00pm (Sydney time) on Monday, 7 April 2014, subject to the Directors varying the Closing Date in accordance with the requirements of the Corporations Act and the Listing Rules.

1.4 Who is entitled to participate in the Entitlement Offer?

Each Shareholder who is registered as the holder of Shares at 7.00pm (Adelaide time) on the Record Date (Wednesday, 19 March 2014) is entitled to participate in the Entitlement Offer in respect of the number of Shares registered in that holder's name.

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

1.5 Effect on share capital

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

Shares	Number
Number of Shares on issue at 10 March 2014 (the trading day immediately prior to the formal announcement of the Entitlement Offer)	500,040,257
Maximum number of New Shares to be issued under the Entitlement Offer	120,009,662*
Maximum number of Shares on issue following the 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 on issue. If any of these Options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Entitlement Offer. Optionholders will be eligible to participate in the Entitlement Offer in respect of the Shares that are issued on the exercise of their Options provided that the Optionholder is registered as the holder of the underlying Share before 7.00pm (Adelaide time) on the Record Date.

1.6 Renounceability

The Entitlement Offer is renounceable. If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Thursday, 13 March 2014 and Monday, 31 March 2014, or transfer all or part of your Entitlement directly to another person (please refer to Section 3 for more information).

If you take no action, you will not be allocated your Entitlement. Any Entitlements which you do not take up, will lapse and New Shares in respect of those Entitlements will be allocated to Eligible Shareholders who have applied for Top Up Shares.

Any Shortfall will be subscribed for by the underwriters or sub-underwriters.

1.7 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 Shares, has undertaken to procure that those entities take up their Entitlements in full.

1.8 Underwriting and Sub-underwriting Arrangements

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.

In addition, Ord Minnett 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 any shortfall in applications for New Shares under the Entitlement Offer (**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.

Further information regarding the underwriting and sub-underwriting arrangements is set out in Section 4.

1.9 Issue of New Shares

WDR expects that New Shares will be issued by no later than Tuesday, 15 April 2014. The issue of New Shares will only be made after permission for their quotation on ASX has been obtained.

2. Purpose of the Entitlement Offer

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 WDR expects to draw down from Macquarie Bank Limited prior to the end of April 2014.

3. How to Accept the Entitlement Offer

3.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled – their **Rights** or their **Entitlement** – is shown on the accompanying personalised Entitlement and Acceptance Form.

Eligible Shareholders may:

- (a) take up their Rights in full and, if they wish, apply for additional New Shares (**Top Up Shares**) (refer to Section 3.2);
- (b) take up part of the Rights and elect for the balance to be sold or to lapse (refer to Section 3.3);
- (c) sell their Rights on ASX (refer to Section 3.4);
- (d) transfer their Rights other than on-market via ASX (refer to Section 3.5); or
- (e) renounce all of their Rights by allowing the Rights to lapse (refer to Section 3.6).

WDR reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is 5.00pm (Sydney time) on Monday, 7 April 2014 (however, that date may be varied by WDR without notice subject to the requirements of the Corporations Act, the Listing Rules and other applicable laws).

3.2 Taking up all of your Rights and applying for Top Up Shares

If you wish to take up your Rights in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on that form. If you have applied to take up all of your Rights, you may also apply for Top Up Shares at the Offer Price by completing the relevant section on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your application monies in accordance with Section 3.8 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (Sydney time) on Monday, 7 April 2014 at the addresses set out in the Entitlement and Acceptance Form.

You may also take up all of your Rights by arranging for payment of the application monies through BPAY®¹ in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (Sydney time) on Monday, 7 April 2014. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment. You should take this into consideration when making payment by BPAY.

¹ BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

Amounts received by WDR in excess of the Offer Price multiplied by your Rights (**Excess Amount**) may be treated as an application to apply for as many Top Up Shares as your Excess Amount will pay for in full.

There is no guarantee you will receive the amount of Top Up Shares applied for, if any. The pool of Top Up Shares will be limited to the number of New Shares that relate to the Rights that have not been accepted or sold under the Entitlement Offer.

If you apply for Top Up Shares and your application is successful (in whole or in part) you will be issued the Top Up Shares on Tuesday, 15 April 2014. Top Up Shares will only be allocated to Eligible Shareholders if and to the extent that WDR so determines. The Directors reserve their right to allot and issue Top Up Shares at their discretion, having regard to the circumstances as at the close of the Entitlement Offer. No Top Up Shares will be issued to a Shareholder which will result in them increasing their voting power in WDR above 20%. Any scale-back of applications for Top Up Shares will be at WDR's discretion and WDR's decision on the number of Top Up Shares to be allocated to Eligible Shareholders will be final.

Any application monies received for more than your final allocation of New Shares and Top Up Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable. Refund payments will be made via cheque made payable to the registered holder and will be sent to the address held on the register. No interest will be paid to applicants on any application monies received or refunded.

3.3 Taking up part of the Rights and electing for the balance to be sold or to lapse

If you wish to take up part of your Rights and sell the balance on ASX, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required in accordance with Section 3.2. You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made and WDR receives an amount that is less than the Offer Price multiplied by your Rights (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

For those Rights that you wish to sell, follow the steps under the section entitled 'Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance' in the Entitlement and Acceptance Form and liaise with your stockbroker accordingly.

3.4 Sale of all your Rights on ASX

If you wish to sell all your Rights on ASX, follow the steps under the section entitled 'Sale of your Entitlement in full by your Stockbroker/ Agent' in the Entitlement and Acceptance Form and liaise with your stockbroker accordingly.

Rights trading commences on Thursday, 13 March 2014. You must deal with the part of your Rights that you do not wish to accept by no later than Monday, 31 March 2014, being the last day that Rights will trade on ASX.

3.5 Transfer of Rights other than on-market via ASX

If your Entitlement is held on the Issuer Sponsored Subregister and you wish to transfer all or part of your Rights to another person other than on-market using the ASX, then you must forward the following:

- (a) a completed Australian Standard Renunciation and Acceptance Form (available from your stockbroker or the Share Registry);
- (b) your Entitlement and Acceptance Form completed by the transferee; and
- (c) the transferee's cheque for the amount due in respect of the New Shares,

to the Share Registry so that it is received no later than 5.00pm (Sydney time) on Monday, 7 April 2014 at the addresses set out in the Entitlement and Acceptance Form.

If your Entitlement is held on the CHESS Subregister and you wish to transfer all or part of your Rights to another person other than on-market using the ASX, you should contact your sponsoring broker.

3.6 Renouncing all Rights

If you do not wish to accept any part of your Rights and do not intend to sell or transfer your Rights, do not take any further action and the Rights will lapse at 5.00pm (Sydney time) on Monday, 7 April 2014.

3.7 Consequences of not accepting or selling your Rights

If you do not accept or sell your Rights in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Rights Issue (or New Shares that relate to the portion of your Rights that has not been accepted or sold) may be issued as Top Up Shares or become part of the Shortfall subscribed for in accordance with the underwriting and sub-underwriting arrangements.

3.8 Payment

The consideration for the New Shares is payable in full on application by a payment of A\$0.50 per New Share.

(a) Payment by cheque

The Entitlement and Acceptance Form must be accompanied by a cheque for the application monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to 'Western Desert Resources Entitlement Offer' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in the relevant account(s) to cover the application monies. If the amount of your cheque for application monies is insufficient to pay for in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, your application may be rejected as your cheque may not be re-presented in time for allocation. Please note that post-dated cheques may not be accepted.

(b) Payment by BPAY

Alternatively, you may arrange for payment of the application monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Rights on that form. If you inadvertently use the same Reference Number for more than one of your entitlements, you will be deemed to have applied for Top Up Shares on the Entitlement and Acceptance Form to which that Reference Number applies to the extent the application exceeds the entitlement that relates to that Reference Number.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

3.9 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite application monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder;
- (b) you have fully read and understood both this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (c) you have agreed to be bound by the terms of the Entitlement Offer, the provisions of the Offer Booklet and WDR's constitution;
- (d) you have authorised WDR to register you as the holder of the New Shares allotted to you;
- (e) all of the details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (g) once WDR receives your Entitlement and Acceptance Form or any payment of application monies via BPAY, you may not withdraw your application or funds provided except as allowed by law;
- (h) you have agreed to apply for and be issued up to the number of New Shares (including any Top-Up Shares) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY, at the Offer Price per New Share;
- (i) you have authorised WDR, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (j) you were registered holder(s) at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (k) you understand that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) you understand that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in WDR and is given in the context of WDR's past and ongoing continuous disclosure announcements to ASX;

- (m) you have acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Booklet and that an investment in WDR is subject to risk;
- (n) none of WDR, the underwriter, the sub-underwriters or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of WDR, nor do they guarantee the repayment of capital; and
- (o) you have authorised WDR to correct any errors in your Entitlement and Acceptance Form or other form provided by you.

3.10 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Rights to the New Shares issued by WDR. No stamp duty is payable for subscribing for New Shares under the Rights Issue.

4. Underwriting and Sub-underwriting Arrangements

4.1 Underwriting Arrangements

An underwriting agreement has been entered into between WDR and 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).

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

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

- (a) the ASX/S&P 200 Index falls 15% or more between specified dates;
- (b) ASIC takes actions or commences an investigation in respect of the Entitlement Offer;
- (c) ASX does not grant unconditional approval for an official quotation of the New Shares on ASX;
- (d) there is a material adverse change in the assets, liabilities, financial position or performance of WDR or any of its subsidiaries;
- (e) an insolvency event occurs in respect of WDR or any of its subsidiaries;
- (f) there is a delay of more than 2 Business Days in the timetable for the Entitlement Offer;
- (g) any document in relation to the Entitlement Offer is or becomes misleading in any material respect; or
- (h) WDR withdraws the Entitlement Offer.

4.2 Sub-underwriting arrangements

Ord Minnett has procured the following sub-underwriting commitments

- (a) 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 any Shortfall; and

- (b) the Other Sub-underwriters, a number of institutional investors unrelated to WDR, 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.

The sub-underwriting obligations of BLM Nominees and the Other Sub-underwriters will only terminate if Ord Minnett terminates its underwriting obligations under the underwriting agreement with WDR.

4.3 Allocation of Shortfall and impact on control of WDR

If there is a Shortfall, it will be allocated by Ord Minnett among BLM Nominees and the Other Sub-underwriters on a pro-rata basis by reference to their respective sub-underwriting commitments.

Should no Eligible Shareholders (other than those controlled by or associated with Bruce Mathieson) take up their Entitlements, and no such Eligible Shareholders transfer their Entitlements 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:

- a maximum of 28,421,261 Shares will be issued to BLM Nominees (as sub-underwriter);
- a maximum of 70,000,000 Shares will be issued to the Other Sub-underwriters (as sub-underwriters); and
- a maximum of 9,662 Shares will be issued to Ord Minnett (or its nominees) (as underwriter).

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 10 March 2014) is that it will increase Bruce Mathieson's voting power in WDR from 17.98% (as at 10 March 2014) to 22.56%.

4.4 Chapter 2E of the Corporations Act

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

The issue of any part of the Shortfall pursuant to the sub-underwriting arrangements with BLM Nominees may constitute the giving of a financial benefit to a Related Party for the purposes of Chapter 2E of the Corporations Act.

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

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

The non-participating Directors have formed the view that the exception applies on the basis that the sub-underwriting arrangements with BLM Nominees are on arm's length terms.

4.5 Listing Rule 10.11

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

The issue of Shortfall Shares to BLM Nominees in accordance with the sub-underwriting arrangements will come within Exception 2 in Listing Rule 10.12 which states that shareholder approval is not required where a Related Party receives shares under an underwriting agreement in relation to a pro rata issue, and the terms of the underwriting were included in the offer documents sent to Shareholders. For these purposes, 'underwriting' includes 'sub-underwriting'. Accordingly, Shareholder approval is not sought for the purposes of Listing Rule 10.11 for the issue of New Shares to BLM Nominees in accordance with the sub-underwriting arrangements.

5. Availability of Further Information regarding WDR

5.1 Continuously disclosing entity

WDR is listed on the ASX and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require WDR to notify the ASX of information about specific events and matters as they arise as well as the lodgement of yearly and half-yearly financial statements and audit or review reports. The announcements and financial reports of WDR are available for inspection on the ASX website at www.asx.com.au and on WDR's website at www.westerndesertresources.com.au.

5.2 Market update on 11 March 2014

WDR released its most recent half-year accounts to the ASX on 11 March 2014, together with a detailed ASX announcement providing a market update on its operations. That announcement included details of:

- a downgrade to WDR's short term shipping forecast for March and April 2014 given significant wet weather and below expectation performance from its barging contractor during January and February 2014;
- a decision to change its transshipment barging operator in a phased cooperative manner; and
- additional short term working capital bridge funding of \$12 million from Macquarie Bank Limited, and deferral of scheduled March 2014 quarter debt amortization.

A copy of this ASX announcement is set out in Appendix 1 of this Offer Booklet.

5.3 Consider all information before making a decision regarding the Entitlement Offer

In deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of WDR, consider the disclosures made by WDR to ASX and seek the advice of your professional adviser.

6. Risk Factors

6.1 Introduction

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

6.2 Mineral reserves and mineral resources estimates

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

6.3 Production estimates

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

6.4 Increases in operating cost estimates

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

6.5 Delays in procuring equipment

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

6.6 Operating risks

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

WDR's projects are located in the Northern Territory of Australia, which has a monsoonal tropical climate characterised by a 'wet season' and a 'dry season'. The wet season typically runs from November to April each year and involves regular heavy rainfall. There is a risk that heavy rainfall may adversely affect operations at WDR's projects, including its Roper Bar project. Production and operations at Roper Bar, have in the past, and may in the future, be affected by heavy rainfall, impacting WDR's ability to meet production targets and delivery schedules.

6.7 Refinancing

WDR has an existing project finance facility with Macquarie Bank Limited representing a liability of approximately \$80,650,000. WDR's existing debt facility will need to be repaid or refinanced on its relevant maturity dates. WDR may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile has deteriorated materially, or if there are reductions in debt market liquidity at or around the time that WDR needs to refinance its debt. Whether this occurs will depend on numerous factors, some of which are outside WDR's control, such as the prevailing economic, political and capital market conditions and credit availability.

6.8 Additional funding may be required

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

6.9 Foreign exchange and hedging risk

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

WDR has entered into an off take agreement with Noble Resources expiring in December 2018, pursuant to which all of WDR's production is pre-sold by reference to the prevailing spot price. To reduce WDR's exposure to spot price fluctuations, WDR has entered into a hedging program, in respect of the first 12 months of production, whereby it has hedged approximately two-thirds of anticipated production. Where WDR fails to produce the quantity of iron ore hedged pursuant to the hedging program, it may incur a hedge liability or receivable depending on the prevailing spot rate. The hedging program exacerbates operating and other risks which WDR faces as the failure to meet production estimates may result in additional liabilities being incurred under the hedging program.

6.10 Environmental risks and regulations

All phases of WDR's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect WDR's financial position and performance.

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

6.11 Government

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

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

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

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

6.12 Licences and permits

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

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

6.13 Taxation

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

6.14 Economic conditions and project delays

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

6.15 Equity markets risk

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

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

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

6.16 Contractual and other legal risks

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

6.17 Litigation risk

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

6.18 Speculative nature of investment

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

7. Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares, or selling or transferring your Rights. WDR considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares, dealing with your Rights or the subsequent disposal of any New Shares you may acquire. WDR recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

8. Further Information

8.1 Offer Booklet is not a prospectus

This Offer Booklet has been prepared in accordance with Section 708AA of the Corporations Act. In general terms, Section 708AA relates to rights issues by certain companies that do not require the lodgment of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is considerably less than the level of disclosure required in a prospectus and does not contain all of the information which a prospective investor may require to make an informed investment decision.

Eligible Shareholders outside Australia should note that the New Shares are being offered in accordance with the disclosure requirements of the Corporations Act, and those disclosure requirements may differ from the disclosure requirements in jurisdictions outside Australia.

8.2 Fees and expenses

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

The Broker Handling Fee will be paid to ASX stockbrokers that do the following:

- (a) solicit and submit valid Entitlement and Acceptance Forms on behalf of their Eligible Shareholder clients; and
- (b) submit valid claims based on the Broker Handling Fee instructions available from brokerhandlingfees@computershare.com.au; and
- (c) submit valid claims in respect of their Eligible Shareholder clients to brokerhandlingfees@computershare.com.au prior to 14 April 2014.

If WDR undertakes a scale-back or otherwise issues a lesser number of New Shares, the Broker Handling Fee will only be payable on the value of New Shares issued.

If a question or dispute arises as to whether a claim is valid or a stockbroker is eligible for the Broker Handling Fee, WDR will, in its absolute discretion, determine the matter and such determination will be final and binding.

8.3 Withdrawal of the Entitlement Offer

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

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

8.4 Further information

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

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

8.5 Governing law

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

9. Glossary and Interpretation

9.1 Definitions

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

\$ or A\$	Australian Dollars.
ASX	Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.

ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement Pty Ltd (ABN 49 008 504 532).
BLM Nominees	BLM Superannuation Nominees Pty Ltd (ACN 067 048 597), a company controlled by WDR non-executive Director Bruce Mathieson.
Broker Handling Fee	is defined in section 8.2.
Business Day	means a day which is not a Saturday, Sunday or a public holiday in South Australia.
CHESS Subregister	is defined in the ASX Settlement Operating Rules.
Closing Date	the last date for accepting the Entitlement Offer, being 5.00pm (Sydney time) on Monday, 7 April 2014.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of WDR.
Eligible Shareholder	a person registered as a Shareholder as at 7.00pm (Adelaide time) on the Record Date.
Entitlement	the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer on the basis of 6 New Shares for every 25 Shares held at 7.00pm (Adelaide time) on the Record Date.
Entitlement Offer	the pro rata renounceable entitlement offer to Eligible Shareholders to subscribe for 6 New Shares for every 25 Shares held by the Eligible Shareholder as at 7.00pm (Adelaide time) on the Record Date.
Entitlement and Acceptance Form	each Entitlement and Acceptance Form accompanying this Offer Booklet upon which an Acceptance may be made.
Excess Amount	is defined in Section 3.2.
Issuer Sponsored Subregister	is defined in the ASX Settlement Operating Rules.
Listing Rules	the official listing rules of ASX, as amended or replaced from time to time.
New Share	the Shares offered pursuant to the Entitlement Offer.
Offer Booklet	this offer booklet dated Friday, 14 March 2014.
Offer Price	the price payable for each New Share under the Entitlement Offer, being \$0.50.
Option	an option to subscribe for a Share.
Optionholder	a registered holder of Options.
Ord Minnett	Ord Minnett Limited (ABN 86 002 733 048).
Other Sub-underwriters	is defined in Section 1.8.
Record Date	Wednesday, 19 March 2014.

Reduced Amount	is defined in Section 3.3.
Related Party	means a related party of WDR within the meaning of Section 228 of the Corporations Act.
Right	the right to subscribe for one New Share under the Entitlement Offer.
Share	a fully paid ordinary share in the capital of WDR.
Shareholder	a registered holder of Shares.
Share Registry	Computershare Investor Services Pty Ltd.
Shortfall	is defined in Section 1.8.
Top Up Shares	additional New Shares that can be applied for by Eligible Shareholders in excess of their Entitlement, as described in Section 3.2.
WDR	Western Desert Resources Limited (ACN 122 301 848).

9.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

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

Appendix 1 – Market Update released to ASX on 11 March 2014

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

Darwin Head Office:

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396 Stuart Highway,
WINNELLIE, NT, 0820
T: +61 8 8995 6900

info@westerndesertresources.com.au

ABN: 48 122 301 848



**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:

Norm Gardner

Managing Director

Western Desert Resources Limited

OR

John Field

Field Public Relations

Telephone: +61 8 8234 9555 or 0418 819527

WESTERN DESERT

RESOURCES

Western Desert Resources Limited

ABN 48 122 301 848

For all enquiries:

Phone:



(within Australia) 1300 651 474

(outside Australia) 61 3 9415 4127

Web:



www.investorcentre.com/contact

Make your payment:



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

Renounceable Entitlement Offer — Entitlement and Acceptance Form

Your payment must be received by 5:00pm (Sydney time) Monday 7 April 2014

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

Terms defined in the Entitlement Offer Booklet ("Offer Booklet") but not in this form have the same meaning as in the Offer Booklet unless the context requires otherwise.

ASX will quote a market for Rights between 13 March 2014 and 31 March 2014. Please refer to the Offer Booklet for details on how to renounce your Rights. You should read the Offer Booklet carefully before completing this Form.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

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

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Booklet dated 14 March 2014.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip with BPAY payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, money order or bank draft payable in Australian dollars to "Western Desert Resources Entitlement Offer". All cheques must be drawn from an Australian bank and crossed not negotiable. Cash is not accepted.

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

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

Turn over for details of the Offer →

Top Up Shares

You can apply for Top Up Shares from any Shortfall by calculating the amount payable within the Acceptance Payment Details section on the reverse side of this form. Excess Amounts will be treated as applying for as many Top Up Shares as your payment will pay for in full. For further information please refer to section 3.2 of the Offer Booklet.

Sale of your Entitlement in full by your Stockbroker/Agent

If you wish to sell your Rights in full, you should instruct:

- your stockbroker personally and provide details as requested which appear overleaf.

DO NOT forward your requests for sale to the Share Registry.

Disposal of your Entitlement other than through a Stockbroker for Rights held on the Issuer Sponsored Subregister

A Standard Renunciation Form must be used for an off market transfer of rights. These forms may be obtained from your stockbroker or the Share Registry.

Sale of your Entitlement in part by your Stockbroker/Agent and acceptance of the balance

If you wish to sell part of your Rights and accept the balance you should instruct:

- Your stockbroker personally and provide details as requested which appear overleaf, AND
- Forward the payment slip to the Share Registry with your cheque, money order or bank draft OR make payment using BPAY if you wish to accept the balance of your Entitlement.

Western Desert Resources Limited Renounceable Entitlement Offer
Payment must be received by 5:00pm (Sydney time) Monday 7 April 2014

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