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Company Announcements Office  
ASX Securities Limited  
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SYDNEY NSW 2000

## JAPANESE - AUSTRALIAN PARTNERSHIP TO DEVELOP NORTHERN TERRITORY IRON ORE PROJECT

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### HIGHLIGHTS

- A\$15 MILLION JOINT VENTURE
- A\$2 MILLION PLACEMENT

ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA), fully owned by Japanese resources and trading conglomerate, ITOCHU Corporation, has signed a Memorandum of Understanding for A\$15 million joint venture with Western Desert Resources " (ASX code "WDR") to develop the Roper Bar iron ore project in the Northern Territory.

The MOU will also see IMEA injecting an A\$2.0 million cash into the Adelaide-based minerals explorer via a share placement.

"We are continuing serious discussion with IMEA exclusively to finalise binding agreements for the above transaction which is subject to further due diligence and both parties' internal approvals" Western Desert's Chairman, Mr Mick Billing, said today.

Up to A\$15 million will be spent by IMEA over the next six years on proving up the Roper Bar project's hematite ore structures which are in places, highly linear and visible above ground, on Exploration Licences EL26759 and EL 25672.

If the A\$15 million is fully expended, the commitment will deliver IMEA a 51% stake in Roper Bar.

The project is only 30 kilometres west of the Gulf of Carpentaria and just 240 kilometres east of the Alice Springs to Darwin rail corridor.

Assays from outcropping samples on the Roper Bar tenement area of 900 square kilometre have assayed up to 60% Fe.

For Western Desert Resources, the JV provides significant exposure to, and accelerated development of, what it describes as "a potential company-making" iron ore project.

"Itochu has proven, world-class experience in iron ore mining and exports in Australia and will bring considerable skillsets and contribution to this joint venture", Mr Billing, said.

"The JV terms derisk the project for Western Desert with Itochu being responsible for total marketing of any produced ore," Mr Billing said.

"Significantly, the project's location ensures we have flexible infrastructure options for exporting any developed iron ore resource at Roper Bar.

### Share placement

Under the terms of the A\$2 million placement by Western Desert announced today,

- IMEA will be issued with 8.8 million ordinary shares in Western Desert at a placement price of A\$0.227 per ordinary share
- Be issued with 1 free attaching option for every 2 shares subscribed for a total of 4.4 million options exercisable within 3 years of issue on the basis of:
  - a) 2.2 million options at a strike price of A\$0.25;
  - b) 2.2 million options at a strike price of A\$0.30.

IMEA will also be entitled to nominate a representative to the Board of Directors while it remains a material shareholder and have first right of refusal to participate in future projects of Western Desert as a joint venture partner.

### Geological profile

The Roper Bar tenement contains prospective ironstones occurring within the Sherwin Formation of the Mesoproterozoic Roper Group.

This unit consists of iron-rich sandstones and siltstones with beds of hematitic iron formations which may be up to 4 metres thick, over an exposed area of approximately 35 square kilometres.

The extent of any continuation under cover is being subject to ongoing testing. The sedimentary iron formations have an iron content of 30% to in excess of 60%. Phosphorous content is consistently below 0.06%

Dips are generally shallow within the tenements.

Western Desert is proposing a further exploration and evaluation program from early in October consisting of diamond and RC drilling to determine the extent, thickness and tenor of the hematitic iron formations, and to provide further samples for metallurgical test work.

For further information please contact

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Fabray who is a member of the Australasian Institute of Mining and Metallurgy. Mr Fabray is a full time employee of Western Desert Resources Ltd and has sufficient experience relevant to the styles of mineralisation under consideration and to the subject matter of the report to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of*

*Exploration Results, Mineral Resources and Ore Reserves (JORC code). Mr Fabray consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.*

*Information in this report describing historical production figures and assays has been derived from open file company reports in the public domain.*

#### ***About Western Desert Resources Limited***

*Western Desert Resources is an ASX listed Australian exploration company with key mineral projects in Australia with a strategic focus on minerals that supply the steel and construction sectors. Western Desert has identified advanced development prospects in iron ore, manganese and molybdenum.*

*Core projects are: the Roper Bar Iron Ore Project in the Northern Territory, highly prospective for iron ore with low phosphorous and other impurities and located close to the Roper River; and the Gladstone, Queensland Manganese Project.*

*Western Desert has acquired a strategic 16.7% stake in Thor Mining Plc, which is listed on the United Kingdom AIM market. Thor Mining owns the Molyhill Molybdenum / Tungsten project, located north east of Alice Springs. An off-take agreement is in place with CITIC, China's leading energy and base metal producer.*

*The Company's portfolio also includes interests in copper and gold targets. Western Desert can earn up to an 80% interest in the Rover Gold/Base Metals Joint Venture, south-west of Tennant Creek, Northern Territory.*

