

SE News  
HD **Backlash over reduced forecast rains on WDR**

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INVESTORS have punished the country's newest **iron ore** miner after severe wet weather saw it downgrade its shipping forecast and go back to the market seeking further cash to cover a funding shortfall.

Shares in Western Desert Resources fell by more than 18 per cent yesterday, to close down 11¢ at 48¢.

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Directors of WDR, which has just begun exporting **iron ore** to **China**, said after a \$30 **million** capital-raising in the December quarter, they were confident no further **equity** funding was required.

However, yesterday, WDR said it was seeking to raise a further \$60 **million** through a share placement.

The proceeds will be used to settle \$15 **million** in derivative hedge liabilities, repay \$12 **million** in bridge financing from Macquarie Bank, pay creditors and top up working capital.

Combined with Monday's biggest one-day plunge in **iron ore** prices in four years, the disappointing start saw analysts wipe more than 20 per cent off WDR's share price target.

However, **billionaire** pokies king Bruce Mathieson, a non-executive director who with entities holds an almost 18 per cent **stake**, continues to show faith in the **company**, agreeing to back it to the tune of \$25 **million**.

He has committed to take up his full \$11 **million** entitlement and sub-underwrite a further \$14 **million** of the share placement.

The offer comprises six shares, at an issue price of 50¢, for every 25 shares held, and is at a 15.3 per cent discount on the last traded price on Friday of 59¢ a share.

WDR, whose board and investors also include corporate heavy hitters **Gold Coast** lawyer and former Billabong director Scott Perrin, former Coles Myer chairman Rick Allert, and present Fairfax chairman and former Woolworths chief executive Roger Corbett, has previously been bullish about the **company's** rapid transformation into an **iron ore** producer.

But WDR blamed extreme wet weather and below-par performance from its barging contractor, PBS, for a decision to downgrade its short-term shipping forecast and forcing it to go back to the market for more capital.

WDR said it now expects to ship 120,000 tonnes in March and 180,000 tonnes in April before achieving planned production levels of more than 250,000 tonnes in May and June. It also will replace its barging operator.

Nathan Blair, manager of Ord Minnett **Gold Coast**, said it was "not the start WDR was hoping for".

He said the extreme wet weather and operational changes had hurt the **company**. Plunging **iron ore** prices also had not helped but he anticipates the fledgling miner should begin posting positive returns with the advent of better weather.

"With a lower forecast spot **iron ore** price and as a result of the share dilution we have revised our share price target down by 23 per cent from 88¢ to 68¢ a share," he said. \$20 **million** stripped from big 3. P25

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