

SE News
HD **Miner weathers slow start**
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EXTREME weather and a below-par operational performance by its barging contractor hindered Western Desert Resources as it began shipping **iron ore** to **China**.

But the **company** said it was confident it would hit annual export targets this year at its Roper Bar mine, transforming from a fledgling Northern Territory resources industry player to full-fledged miner.

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WDR, whose board and investors include **Gold** Coast lawyer and former Billabong director Scott Perrin, pubs **billionaire** Bruce Mathieson, former Coles Myer chairman Rick Allert, and present Fairfax chairman and former Woolworths chief executive Roger Corbett, said it had loaded its first barge with Roper Red **ore** for export to **China** in the December quarter.

It said **operations** would ramp up with Thiess appointed **mining** services contractor.

However, managing director Norm Gardner said extreme wet weather during the quarter had slowed production.

He said sections of the **company**'s private haul road had received more than 600mm of rain in just nine days earlier this month.

"This was a significant weather event, given that the region receives an average of 850mm of rain a year," Mr Gardner said.

"WDR has allowed for such events in its annual production plans but, nonetheless, this extreme weather event hindered **operations**." He said the **company** had also been disappointed with initial tonnages barged by its contractor PB Sea-Tow which had since delivered extra equipment and personnel to the site to enable it to deliver contracted daily tonnages and make up the shortfall.

"This will enable WDR to achieve its annual export volume targets," Mr Gardner said.

WDR said further drilling had revealed higher grade **iron ore** at Roper Bar than predicted.

WDR has hedged about two-thirds of its expected first-year production at an average price of \$120 a tonne for 62 per cent **iron** and said it expected strong demand for its Roper Red **ore**.

After completing a \$30 **million** capital-raising and a \$19.43 **million** share placement, WDR said its directors were confident no further **equity** funding was required.

The **company** ended the quarter with \$20.2 **million** cash reserves and debt of \$80.7 **million** from its deal with Macquarie Bank to bring facilities on stream at the mine.

Ord Minnett **Gold** Coast has set a price target of 90¢ for WDR shares, 15¢ less than share broker Macquarie. "Clearly, the start-up has not gone as smoothly as we expected but we note that management has been proactive in improving operational performance," Ord Minnett said.

CO wesde : Western Desert Resources Limited

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