

**GREAT WESTERN EXPLORATION LIMITED
AND CONTROLLED ENTITIES**

ABN 53 123 631 470

ANNUAL REPORT

30 JUNE 2014

GREAT WESTERN EXPLORATION LIMITED

ABN 53 123 631 470

CORPORATE DIRECTORY

Directors

Kevin Clarence Somes (Chairman)
Jordan Ashton Lockett (Managing Director)
Craig Donald Mathieson (Non-executive Director)
Terrence Ronald Grammer (Non-executive Director)

Auditor

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Company Secretary

Kelvin Frederick Edwards

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Western Australia 6005

Share Registry

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Stock Exchange

The Company's shares are listed by the
Australian Securities Exchange Limited

The home exchange is Perth

ASX Code - Fully paid shares GTE

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Review of Exploration Activities

Executive Summary

During the year Great Western Exploration Limited ("Great Western"; 'the Company') changed its focus from Kazakhstan back to Australia after a review of the initial work completed at the Company's Spasskaya project.

All well managed exploration companies constantly review their project portfolios to determine the priority in which exploration funds are allocated and Great Western is no exception. The Company continually rates each project based on a combination of technical, economic, and sovereign risk factors to determine whether the company should continue funding and if so what priority should be given to the project given there is always a limited exploration budget.

At Spasskaya the initial drilling did intersect significant copper and silver that correlated well in some areas with the Soviet era work, however it became apparent that the technical risk of the project was much greater than anticipated because the Soviets had misinterpreted the style and scope of the mineralisation resulting in an overestimation of the potential resources on which the initial negotiations of the Joint Venture ("JV") were based.

This increase in technical risk when combined with the other economic and sovereign risk factors resulted in the downgrade of the Spasskaya project in comparison to the Company's other projects and therefore could not justify the additional funding required under the JV terms and conditions. The company did attempt to renegotiate the terms of the JV to account for this increase in technical risk however were unable to come at an agreement and made the decision to withdraw.

This has allowed the company to now focus exploration at the company's North Yilgarn projects where the company continued to carry out regional exploration over the past few years resulting in further significant acquisitions to be one of the major landholders in one of Australia's most exciting emerging copper-gold districts as well as unexplored highly prospective Archaean nickel and gold terrain.

Also during the year Western Areas NL continued to explore the Company's Mt Gibb project located at Forrestania along strike to the south of their Diggers South nickel deposit.

The Company has four projects located in the North Yilgarn region of Western Australia; Doolgunna, Cunyu, Paroo which are contiguous and located northwest of Wiluna and Millrose located 90km to the east of Wiluna in a separate area of Archaean greentone (fig 1).

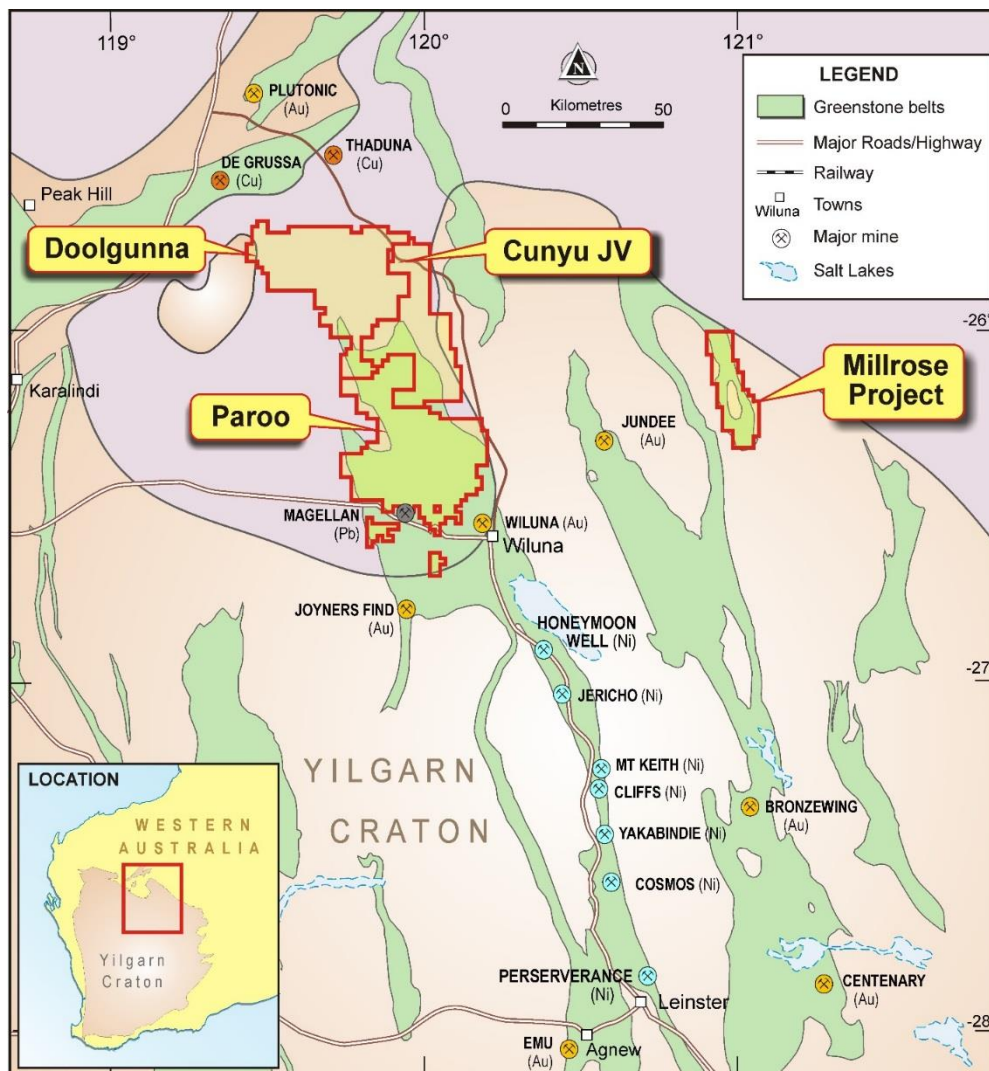


Figure 1. Location of the North Yilgarn projects

In the previous 2013 Annual Report the company reported on the Doolgunna Gold and Base Metal project which is located 25km southeast of the Degruessa gold and copper deposit within the Proterozoic Yerrida Basin.

However over the last few years the company has completed a significant amount of regional work including 5,000 km² infill gravity (3,000 stations), 2,600 line km airborne EM, 4,300 line km of detailed aeromagnetic surveys, 1,000 km² soil sampling (2,400 samples) and 250km² mapping.

Most of this work is unprecedented in terms of regional scale programmes completed in the Proterozoic Yerrida basin, which prior to the discovery of Degruessa, was one of the least explored areas in the state.

As a result of all this work the Company made further acquisitions in the district to take the total area to approximately 3,100km² and is now one of the major landholders in one of Australia's most exciting emerging copper – gold districts. To date, numerous prospective areas have been identified that include Proterozoic copper-gold, Archaean nickel & gold and base metal copper – lead – zinc targets.

The company believes there is a major structural corridor that extends from Wiluna through to Degrudda where there is evidence of major north-northwest trends in regional gravity, magnetic and soil geochemical data that align with the Archaean Wiluna-Norseman gold-nickel belt extending underneath the younger Proterozoic Yerrida basin sequence.

The Company is targeting Proterozoic base metal mineralisation (copper, gold, silver, zinc and lead) within the Yerrida Basin along these trends where it believes that the source of the metals are the remnant underlying Archaean mafic and ultramafic sequences which are remobilised into the overlying Proterozoic stratigraphy along re-activated basement faults. The company is also targeting Archaean nickel and gold mineralisation within the areas where the Wiluna Greenstone is under shallow cover along the eastern margin of the Yerrida basin.

To better manage and report on the various exploration activities that will be undertaken across the region the Company has divided this area into three separate projects; Doolgunna, Cunyu and Paroo (fig 1).

Doolgunna Project (100% GTE)

The Doolgunna project comprises of 8 exploration licences for a total area of 1,300km² located 25km south east of the Degrudda copper mine. This was the initial area that was acquired by the company not long after the discovery of Degrudda.

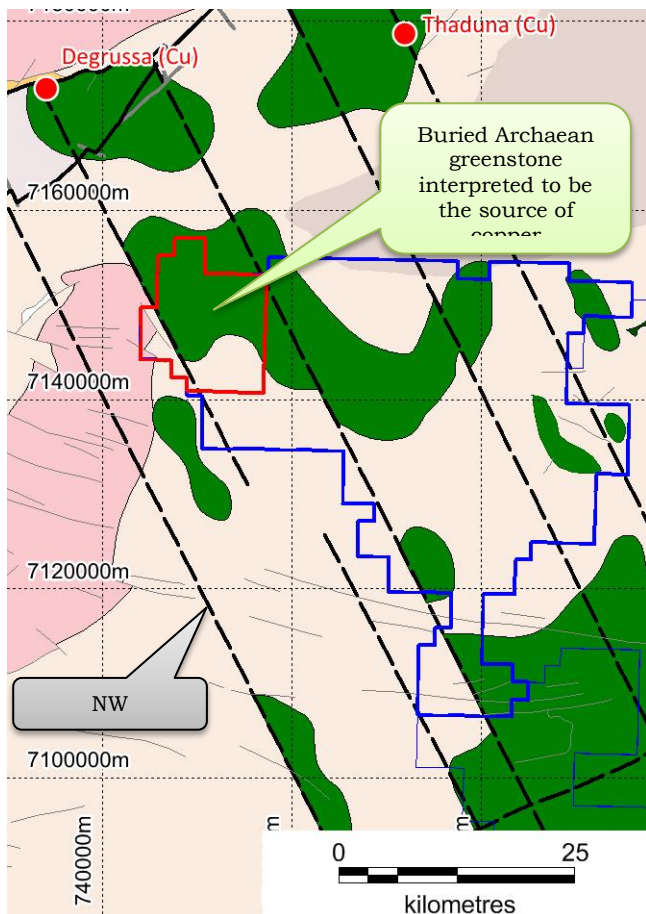


Figure 2a. Interpreted remnant Norseman-Wiluna greenstone under cover that are the possible source of the copper and gold.

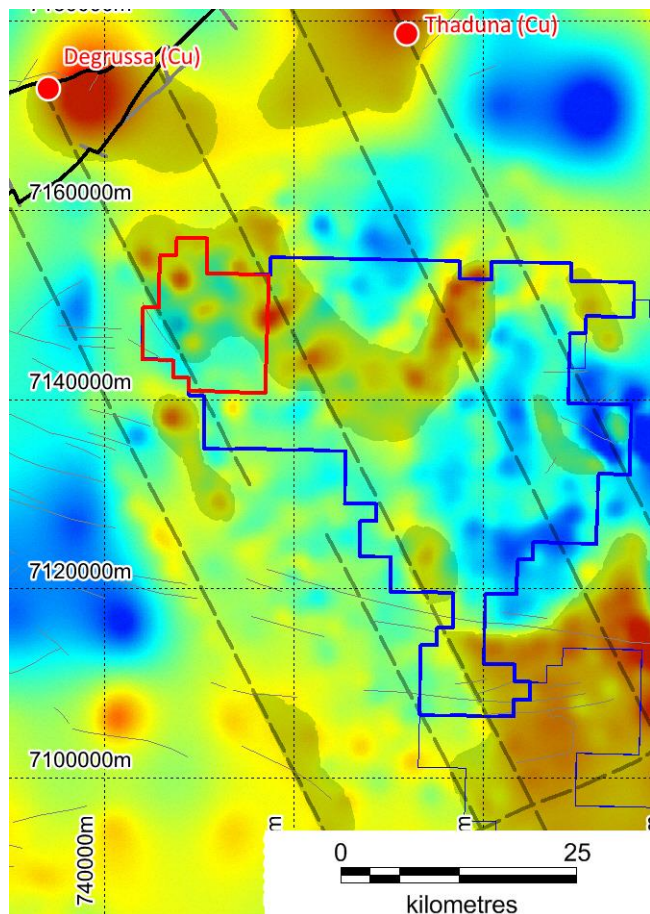


Figure 2b. The infill GTE gravity combined with broad spaced Government gravity.

Empirically the Degrudda, Thaduna and Magellan copper and base metal mineralisation in the Bryah & Yerrida basins are associated with gravity highs (regional gravity) and regional scale north- northwest ("NNW") trending lineaments that can be seen in regional magnetic, gravity and satellite datasets (fig 2).

The company interprets this as the Wiluna greenstone belt being rifted (pulled apart) during the formation of the Bryah and Yerrida basins which were subsequently formed over the top. The gravity highs represent much denser rocks at depth which are most likely the remnant mafic and ultramafic greenstone and the NNW lineaments represent growth faults that facilitated the rifting.

The denser mafic and ultramafic rock contains higher background amounts of copper, gold and nickel which make them excellent source rocks for copper and gold deposits where the metal has been remobilised into the overlying rocks.

The NNW lineaments represent interconnected faults, most likely Archaean basement faults re-activated during the formation of the Yerrida basin, that allow hot water with the dissolved metal to migrate from the source rocks to the trap site (fluid pathways). It also appears that the source rocks and trap sites may be no more than a few thousand meters from each other.

Therefore the company is targeting areas above or around the gravity anomalies (possible source rocks) where there is evidence of cross cutting NNW lineaments (possible fluid pathways). In addition where surface geochemistry is indicating enrichment in copper and/or gold coincident with lineaments it could be mapping out fluid moving along these pathways that can be used to further vector towards the trap sites (mineralisation). Once prospective areas are identified the company will likely complete electromagnetic geophysical surveys ("EM") and then drill test any conductors.

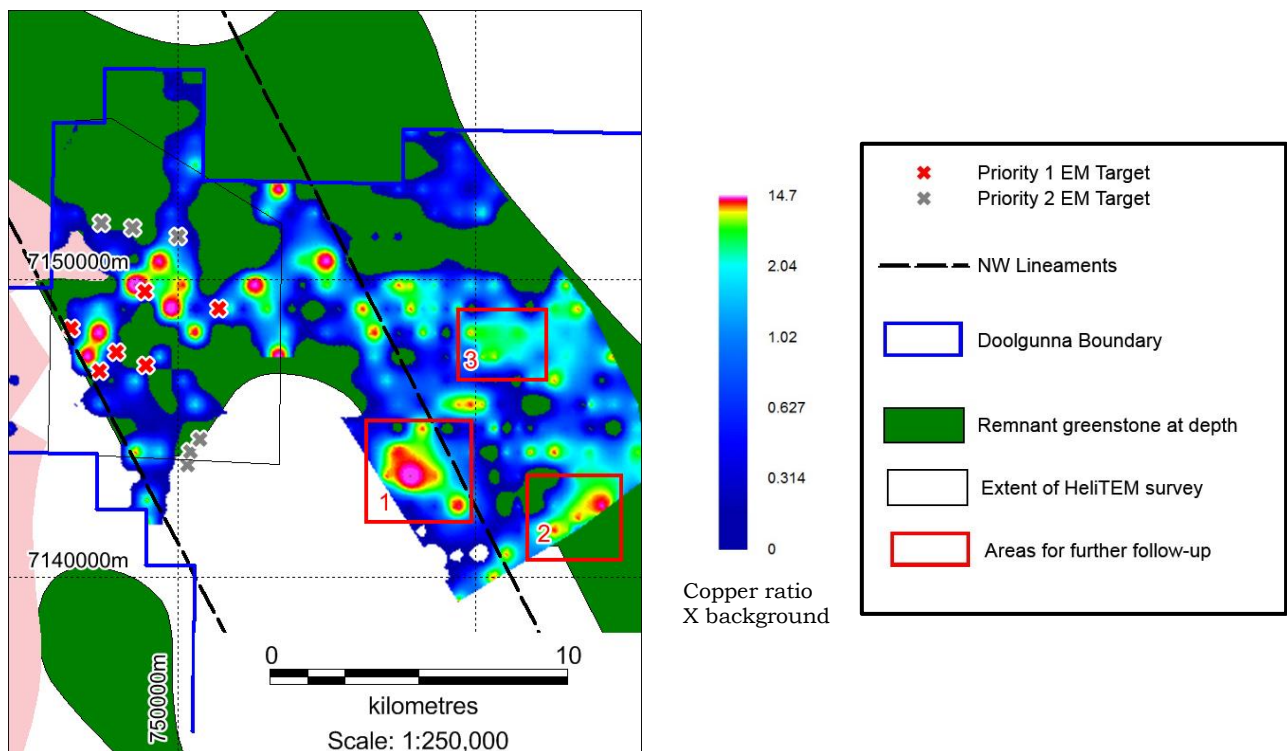
Goodin Prospect

At Goodin the company has identified 12 late time conductors that fulfil the above criteria with 2 ready to be drill tested. There are also three additional prospective areas that have not been covered by EM surveys that require further work (fig 3).

The first target that the company has prioritised for drilling is a very strong late time HeliTEM conductor approximately 300m in length at 120m depth. The conductor lies 25km southeast directly along strike of Degrudda within the Company's interpreted NE structural corridor (fluid pathway), and is located adjacent to a gravity high (source rock at depth) that is co-incident with copper and gold enrichment at the surface (indication of mineralised fluids moving along the fluid pathways).

Furthermore the regional geological mapping is indicating a possible stratigraphic relationship with Degrudda with the Johnson Cairn mapped adjacent to the deposit and the Finlayson rock unit mapped in the vicinity of both areas. The significance of this is that the Johnson Cairn can be used as a marker horizon as it has been mapped extensively throughout the region and indicates relative timing of the formation of rocks located above (younger) and below (older).

This is an excellent opportunity and the company is focussed on obtaining the necessary approvals for drilling to test this prospect as soon as possible, and will update the market accordingly.



Shows areas of copper enrichment or depletion in a particular rock type compared to the average background of that rock type. Useful for help identifying fluid pathways at the surface that may feed mineralisation at depth or along strike.

Further follow-up areas

1. Enrichment of copper along NW fault above density anomaly, prospective area for further follow-up. No EM completed over this area yet.
2. Unexplained enrichment of copper. Requires further follow-up. No EM completed over this area yet.
3. Unexplained moderate copper enrichment co-incident with strong gold enrichment. Requires further follow-up. No EM completed over this area.

Figure 3. Image showing ratio of copper above background calculated for rock type sampled

Cunyu Project (GTE earning 70%)

The Cunyu Project comprises 4 Exploration Licences covering a total area of 830km² located approximately 50km northwest of Wiluna, Western Australia. The Exploration Licences are held by Xstrata Nickel Australasia Operations Pty Ltd ("XNAO"), a wholly owned subsidiary of Glencore plc. and are the subject of a Heads of Agreement entered into between GTE and XNAO on 20 May 2013.

In Western Australia some of the most overlooked areas that remain highly prospective for world class nickel and gold discoveries are where mineralised greenstone belts that host major nickel and gold mines extend under cover.

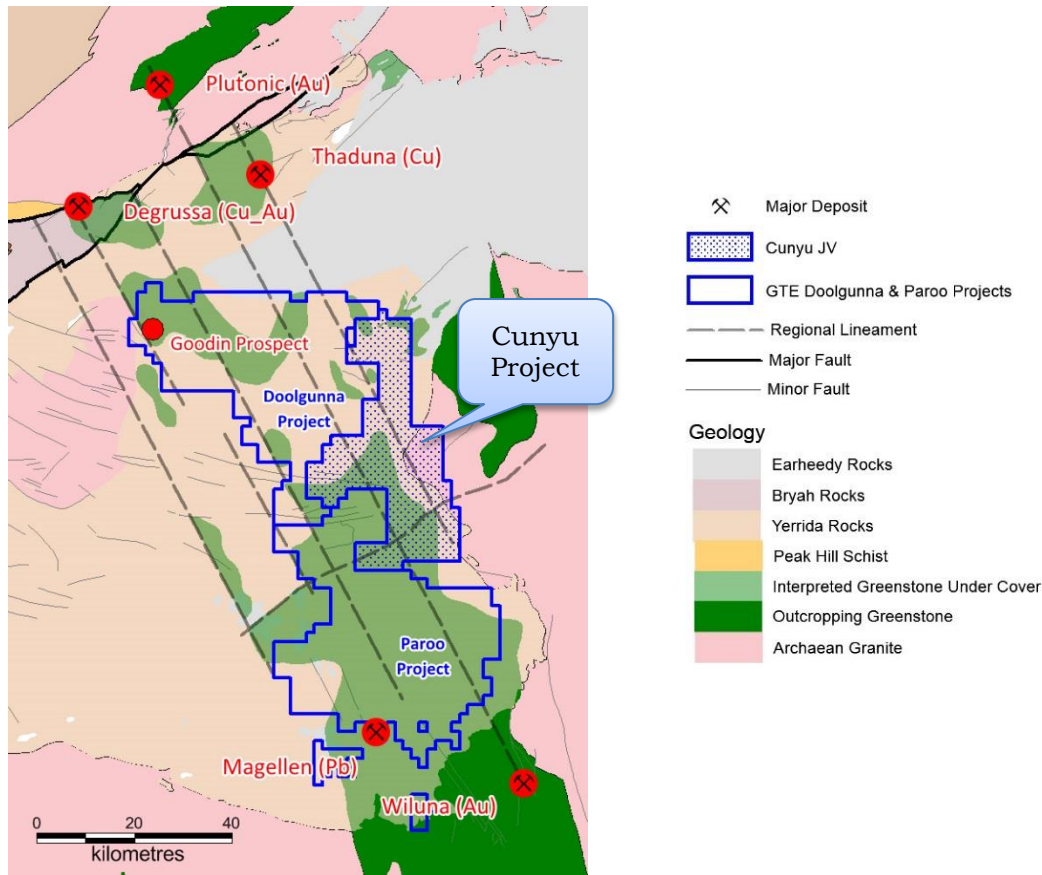


Figure 4. Location of Cunyu Project with showing the approximate outline of the interpreted Wiluna Greenstone belt under cover of the Yerrida Basin.

The Wiluna greenstone belt is the largest komatiite-hosted nickel sulfide belt in the world and contains two world-class Ni-Cu-(PGE) deposits and a host of many smaller high grade nickel deposits that have been mined down to depths that exceed 1km. The belt is also host to major gold camps including Wiluna, Agnew and Lawlers as well as numerous smaller gold deposits (Fig 4).

The project is located approximately 50km directly along strike northwest from the Wiluna gold mine, 90km along strike from Honeymoon Well nickel deposit and 140km along strike from the Mt Keith nickel deposit (fig 5).

The company has completed gravity, detailed aeromagnetic and airborne EM surveys which it used to identify an area of approximately 30km x 8km (240km²) where density anomalies (gravity highs) are coincident with a mafic & ultramafic sequence intersected in previous drilling (fig 6). Petrology done at the time of this drilling confirms these rock types are Archaean greenstone and prospective for nickel and gold mineralisation

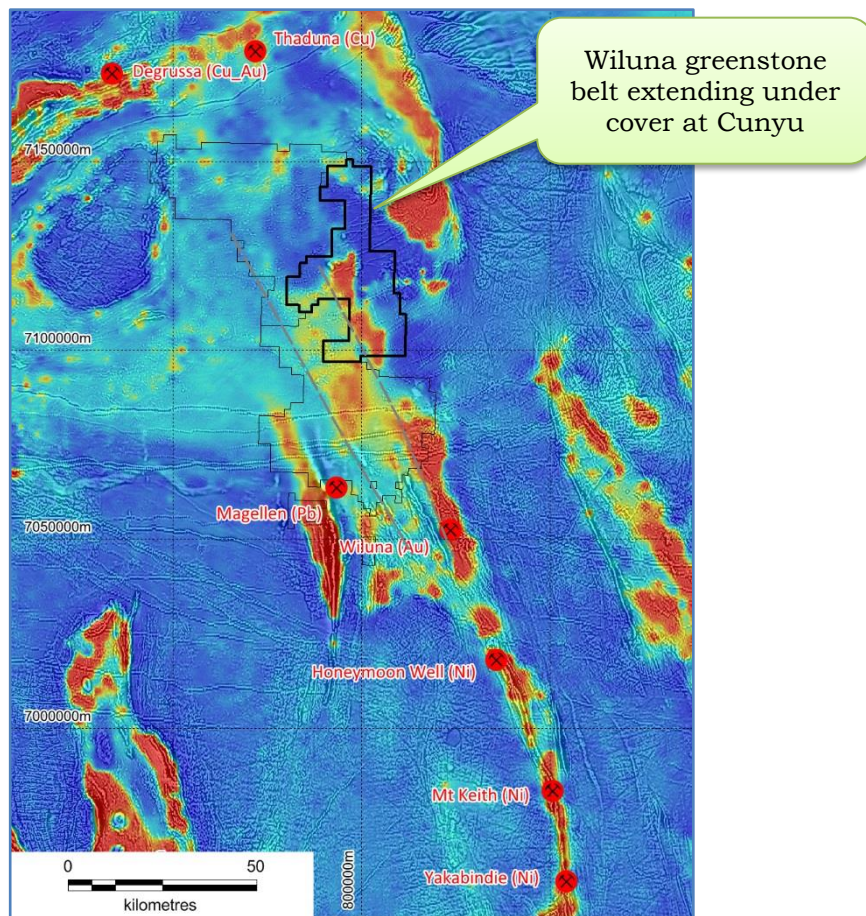


Figure 5. Regional Gravity and Magnetic Data clearly demonstrates the Wiluna greenstone belt that hosts major nickel and gold mines extends under cover through to the Cunyu Project. See figure 3 for more detail on the density anomalies

The Archaean greenstone basement comprising of mafic and ultramafic rock types has been confirmed in drilling at two locations (fig 6):

- A single diamond drill hole completed within the project area in the 1980s to test the Quartermaine magnetic anomaly intersected Archaean mafic and ultramafic greenstone at a depth of 290m (fig 7).
- Independent petrographic analysis completed at the time of drilling confirmed the hole intersected Archaean ultramafic and that it contains abundant nickel sulphide mineralisation in places.
- In the early 1990s WMC reported intersecting mafic and ultramafic rocks at or near the surface in a single line of RC drilling to test the Terrabubba magnetic anomaly. The drilling is located approximately 8km directly east of Quartermaine drilling and intersected the most northern boundary of the density anomaly that the company is interpreting as Archaean greenstone near the surface.

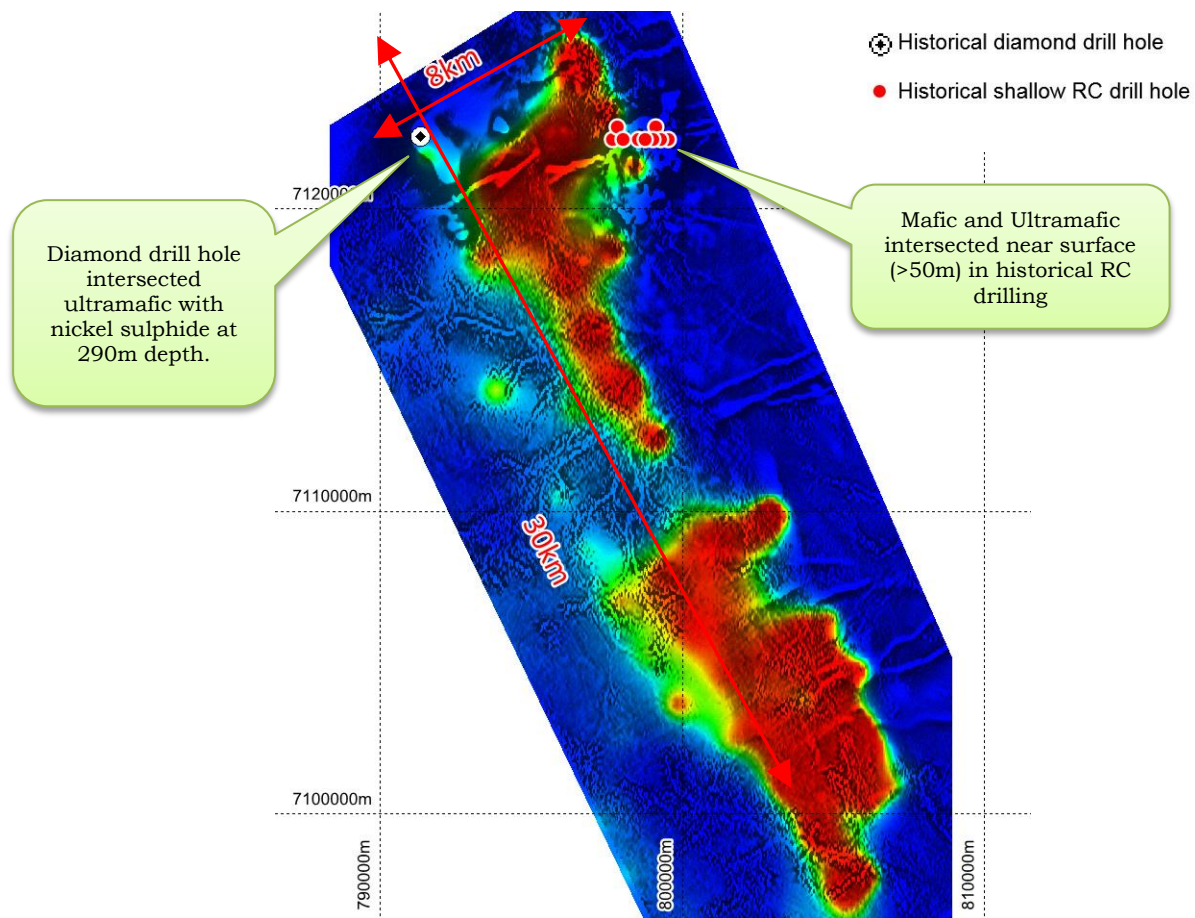


Figure 6. Density anomalies (Bubba North & South) interpreted to be Archaean mafic & ultramafic greenstone. All the drill holes in this region are shown.

Geological and geophysical evidence that Wiluna greenstone continues under cover to the northwest include:

- The Wiluna greenstone belt outcrops right up to the boundary of the Yerrida Basin and the gravity clearly shows the belt continuing under the cover of the younger Proterozoic rocks through to where the greenstone was intersected in the above drilling.
- Detailed magnetics and gravity completed by the company maps out the denser greenstone under cover and structures that extend up from Wiluna.

Geological evidence that indicates a shallow depth of cover includes:

- Regional geological maps show that a large proportion of this area is covered by the Finlayson rock member and this has been confirmed in the field. The Finlayson rock Member is the oldest of the Proterozoic rocks in the Yerrida and is located at the base of the Yerrida Basin and sits directly above the Archaean aged rocks.

This unit is estimated by the Geological Survey of Western Australia ("GSWA") to average between 20m to 60m thickness across the whole region.

- Locally this unit was also intersected in the Quartermaine drill hole at the contact of the Archaean mafic rocks where it is shown to have a thickness of approximately 10m to 20m (fig 7).

- Field reconnaissance completed by the company has identified the basal breccia unit outcropping at number of locations indicating in some areas the depth to basement is likely to be less than 10m.

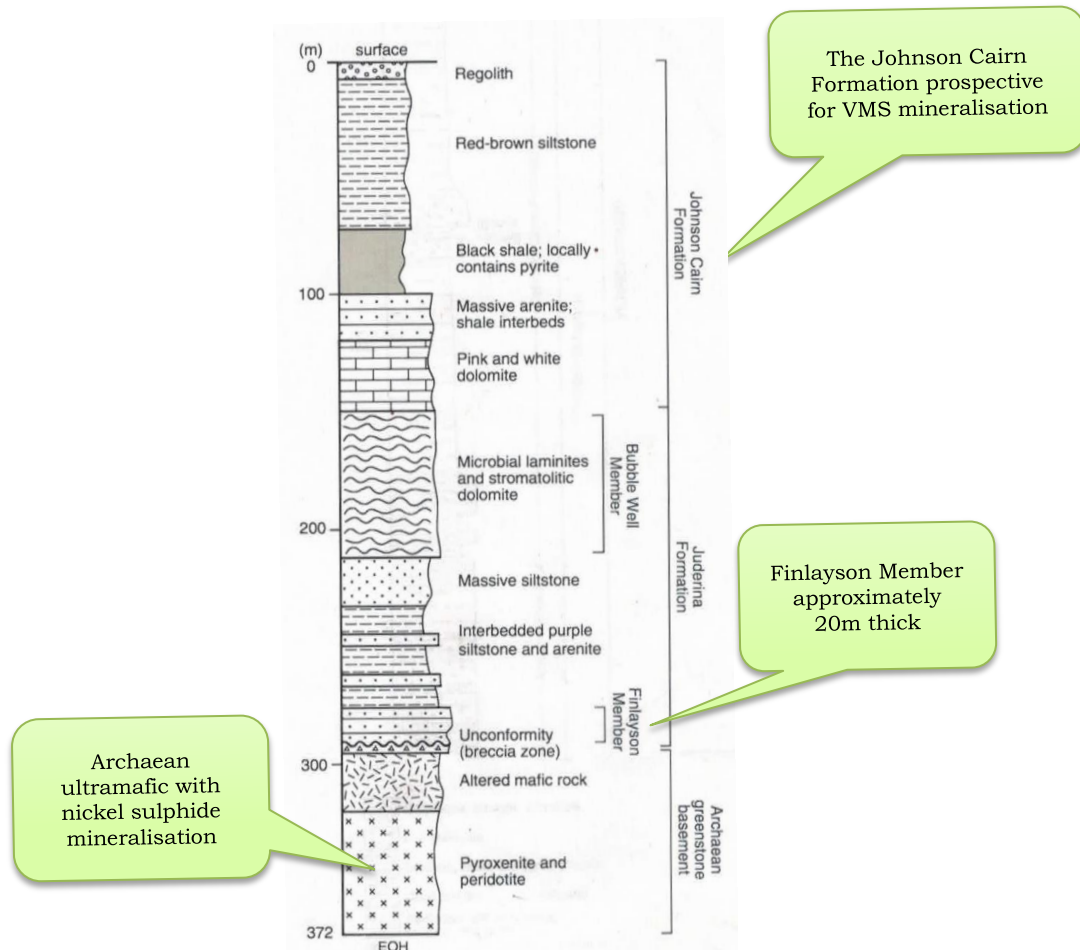


Figure 7. Diamond drill hole at Quartermaine confirms Archaeon greenstone basement prospective for nickel and gold; it also indicates the expected thickness of the Finlayson Member in the area to be only 10s of meters (the Finlayson Member outcrops to the east and covers a large proportion off the proposed greenstone area); the hole also intersected Johnson Cairn Formation that is prospective for VMS mineralisation. (Source: GSWA Report 60)

At the most north-eastern edge of the project the greenstone outcrops but it in most places it is under cover estimated to be only 10s of metres thick along the eastern margin that gradually deepens towards the west where it reaches a thickness of 300m over a distance of approximately 8km. This equates to an estimated 240 km² area of highly prospective terrain within a depth that can be considered potentially economic.

The project area remains mostly unexplored with just 10 historic drill holes that are shown in figure 6.

Paroo (GTE 100%)

During the year the Company continued to make further acquisitions at its Paroo project which is located directly south of the Doolgunna project and now comprises of 16 exploration licenses for a total area of 1,550 km².

At Paroo in the late 1980s and early 1990s RGC carried out a major regional exploration programme that discovered the Magellan lead deposit. Subsequent to the discovery, RGC wound down the regional exploration and focussed its efforts at the Magellan deposit. Later a decision to divest the Magellan project led to its sale in 1994. The new owners then relinquished the exploration licences retaining only the mining licenses.

After GTE had secured these tenements it was found that the regional exploration reports remained on “closed file” as part of the Magellan mine. Then, last year in 2013 GTE successfully applied for them to be released with the DMP being satisfied that the confidential period had expired. Within these reports regional exploration had identified a number of promising base metal prospects in addition to Magellan where high grade copper and silver along with highly anomalous gold and zinc was intersected in broad spaced regional RC and RAB drilling.

One area of particular interest to GTE is where RGC referred to the Base Metal Corner (“BMC”) prospect. The name Base Metal Corner is a nod to the unexplained base metal occurrences in drilling that were identified during the initial phase of exploration that led to the discovery of the Magellan deposit.

RGC geologists recommended further work in relation to these occurrences however the project was sold before that work was done.

GTE is the first company to have had access to these reports since the mid-1990s after RGC sold the project and very little work has been completed since. They remain excellent exploration targets and provide GTE with an immediate focus.

Several tenements are still in application including the tenement that has the high-grade copper and silver drill intersections. The Company will continue its efforts to expedite the granting of this tenement.

Millrose (GTE 100%)

The Millrose project is located 100km northeast of Wiluna and comprises of 3 Exploration Licenses for a total area of 350km² (fig 1). The project represents a significant exploration opportunity to identify new Archaean nickel and lode gold deposits in the northern Kalgoorlie Super-terrane of the Eastern Goldfields Province in what could be Western Australia’s newest emerging gold district after the discovery of significant gold mineralisation at Alloy Resources Ltd Horse Well Project directly along strike.

The project was initially acquired because of an area of regional magnetic anomalism that GTE had identified as one of the few remaining, unexplored Archaean greenstone belts within Australia. The Company now controls 100% of the greenstone belt which extends for 35km of strike.

Work completed on the project to date includes detailed magnetic and radiometric surveying, geological mapping and soil sampling which has confirmed the presence of Archaean BIF and volcanics with associated gold and arsenic anomalism.

Great Western Exploration Limited

Initial soil sampling have delineated gold anomalism over a 10 km strike distance and subsequent infill has identified a 1.5km gold-copper-nickel geochemical anomaly similar to what was reported at the recently discovered Camelwood and Mt Fisher prospects located in the same district.

Subsequent to GTE acquiring the project, Alloy Resources Limited has reported significant gold intersections at their Horse Well Gold project located directly along strike to the north in what could be one of Western Australia's newest emerging gold districts.

While further work is required to determine the primary source of the gold and nickel anomalism the geochemical soil surveys completed by GTE and the significant mineralisation reported by other explorers along strike demonstrates the project is highly prospectively for gold and nickel.

Mt Gibb (GTE 30%)

The Mt Gibb Nickel Project comprises of a 7 Exploration Licenses for total area of 170km² surrounding Western Areas NL (ASX:WSA) nickel operations at Flying Fox - Spotted Quoll - Diggers Rocks (fig 8).

In October 2009, the company entered the Mt Gibb Joint Venture Agreement with Western Areas NL to explore GTE's tenements. Western Areas holds an impressive discovery record since they commenced nickel exploration in the Forrestania region including the Spotted Quoll and Diggers South nickel deposits. By January 2012, WSA had completed the first stage of its earn-in (51%) and can earn up to 70% interest in the Project by spending a total of \$2.5 million.

In 2011-2012, WSA completed a total of 15 holes for 4,112m of diamond drilling at Mt Gibb. Encouragingly, two of the holes intersected narrow, massive sulphide veins containing high-grade nickel approximately 20km SE of Diggers Rocks (50km SE of Flying Fox). MGD002 intersected 1.1m at 2.6% Ni from 133.9m depth and HCD001 intersected 0.2m at 1.8% Ni from 250.9m depth with nickel mineralisation associated with small sulphide veins. WSA are applying their proven strategy of using down-hole EM surveys as a guide to ongoing drill targeting.

In December 2012, WSA completed six reverse circulation ("RC") drill holes targeting gold mineralisation at Hatter's Hill within the JV tenements. The first two drill holes (HCRC001 & 2)

tested one gold target while the other four holes (HCRC003 to 006) were single holes into four individual targets along 4.5km geophysical and geochemical trend. Western Areas ("WSA") NL followed up encouraging gold results in May 2013.

One of the previous RC holes was extended to 288.7m depth and a twinned diamond hole to 169.5m depth was drilled adjacent to the previously announced intersection in HCRC005.

Drilling returned promising gold results including:

Hole ID	Interval (M)	Au (ppm)	From Depth (m)
HCRC001	2.2	5.47	190.5
	2.6	8.63	222.4
HCD003	10.5	3.06	48.5
	6.0	1.17	78.0

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WSA have observed a strong correlation between sulphide and gold mineralisation within the mafic volcanic sequences and are doing some further tests on the core to determine the suitability of ground geophysical Induce Polarisation (“IP”) for mapping out these sulphide zones prior to further drilling.

During the previous year Western Areas completed further IP surveys, 12 reverse circulation drill holes (1,958m) and one diamond hole. No significant results were reported.

Western Areas have now completed Stage 2 of the JV expenditure and have earned 70% of the project. The Company has the option to contribute or dilute to a 10% free carried interest to BFS.



Figure 8. Location of Mt Gibb JV

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jordan Luckett who is a member of the Australian Institute of Mining and Metallurgy. Mr Luckett is an employee of Great Western Exploration Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Luckett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this announcement relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this announcement. The potential quantity and grade of resource targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

Tenement Schedule

District	Project Name	Tenement No	Status	Ownership
<u>Mt Gibb JV</u>	Mt Gibb South	E74/305	Live	30%
	Hatters Hill	E74/368	Live	30%
	Hatters Hill	E74/428	Live	30%
	North Iron Cap	E74/446	Live	30%
	North Iron Cap	E77/1545	Live	30%
	North Iron Cap	E77/1546	Live	30%
	North Iron Cap	E77/1547	Live	30%
<u>Doolgunna</u>	Neds Creek	E 51/1320	Live	100%
	Neds Creek	E 51/1321	Live	100%
	Neds Creek	E 51/1330	Live	100%
	Neds Creek	E 51/1333	Live	100%
	Neds Creek	E 51/1355	Live	90%
	Doolgunna	E 51/1322	Live	100%
	Doolgunna	E 51/1323	Live	100%
	Doolgunna	E 51/1324	Live	100%
	Paroo	E 53/1712	Live	100%
	Paroo	E 53/1722	Live	100%
	Paroo	E53/1728	Live	100%
	Paroo	E51/1540	Live	100%
	Paroo	E51/1560	Live	100%
	Paroo	E53/1713	Pending	100%
	Paroo	E53/1730	Pending	100%
	Paroo	E53/1740	Pending	100%
	Paroo	E53/1774	Pending	100%
	Paroo	E53/1775	Pending	100%
	Paroo	E53/1776	Pending	100%
	Paroo	E53/1804	Pending	100%
	Paroo	E53/1810	Pending	100%
	Paroo	E53/1811	Pending	100%
	Paroo	E53/1812	Pending	100%
	Paroo	E53/1813	Pending	100%
<u>Cunyu JV</u>	Cunyu	E51/1234	Live	GTE earning 70%
	Cunyu	E51/1238	Live	GTE earning 70%
	Cunyu	E51/1279	Live	GTE earning 70%
	Cunyu	E51/1341	Live	GTE earning 70%
<u>Millrose</u>	Millrose	E53/1619	Live	100%
	Millrose	E53/1620	Live	100%
	Millrose	E53/1666	Live	100%

Directors' Report

The Directors of Great Western Exploration Limited submit herewith the annual report of Great Western Exploration Limited and subsidiaries ("the Group") for the financial year ended 30 June 2014.

Information on Directors:

The names and details of the Company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

K C Somes (Appointed 11 October 2013)
J A Lockett
C D Mathieson
T R Grammer (Appointed 25 July 2014)
F Cannavo (Resigned 11 October 2013)

Mr Kevin Clarence Somes FCA – Appointed 11 October 2013 **Non-executive Chairman**

Experience and expertise

Mr Somes is a fellow of the Institute of Chartered Accountants and has been a partner of Somes & Cooke Chartered Accountants for over 25 years. The firm specialises in tax and accounting services and auditing.

Mr Somes has extensive experience in the management of exploration companies, with Somes & Cooke being the auditors of a number of ASX listed mining companies.

Other current directorships

None.

Former directorships in last three years

None.

Mr Jordan Ashton Lockett **Managing Director**

Experience and expertise

During his career, Mr Lockett has been a member of a number of successful exploration teams that have made discoveries in Western Australia, Queensland, Canada and Africa. For the previous twelve years he has held senior management positions in both mining and exploration companies.

Mr Lockett has a Bachelor of Science degree and is a member of the Australasian Institute of Mining and Metallurgy.

Mr Lockett has 23 years' of experience in both exploration and mining geology, having worked throughout Australia, North America and Africa. He has a broad experience that includes grass roots exploration, project generation, resource definition, underground mining and geological management.

Other current directorships

None.

Former directorships in last three years

None.

Directors' Report (continued)

Mr Craig Douglas Mathieson **Non-executive**

Experience and expertise

After completing a Bachelor of Business (Banking & Finance), Mr Mathieson spent 10 years in commercial banking, principally in commercial property finance. In 2001, he returned to the family business, DMS Glass, as Managing Director until its sale to CSR Ltd in 2007. Mr Mathieson is currently CEO of the Mathieson Group, a large family group with diverse investments, including property, business and rural interests.

Mr Mathieson has extensive commercial experience and he is currently a Non-executive Director of Funtastic Ltd.

Other current directorships

Funtastic Ltd (August 2009 – current)

World Oil Resources Limited (June 2013 – current)

Former directorships in last three years

IPB Petroleum Ltd (August 2012 – March 2014)

Mr Terrence Ronald Grammer – Appointed 25 July 2014 **Non-executive**

Experience and expertise

Mr Grammer is one of Australia's most successful exploration geologist's with a career spanning more than 40 years in Australia, Africa, Asia and New Zealand.

Mr Grammer has been based in Western Australia since 1988 and has extensive professional experience in the exploration of gold, base metals & industrial minerals and has an enviable record over a long period of time that includes being directly involved in three highly successful exploration companies that made the transition from junior explorer to an ASX200 Company.

He was a founder and promoter in 1999 of Western Areas NL, and was exploration manager of the company from 2000 until retiring in 2004.

In 2000 he was joint winner of the AMEC Prospector of the Year Award for his role in the discovery of the highly profitable Cosmos nickel deposit in 1997 that subsequently resulted Jubilee Mines NL becoming a leading mid-tier Australian mining company prior to its takeover by Xstrata.

In June 2010 Mr Grammer joined the Board of Sirius Limited that subsequently went on to make the Nova discovery that has transformed that company and will likely become a significant nickel producer in the near future.

Mr Grammer was also Chairman of South Boulder Mines Limited from May 08 through to August 2013 where he helped guide the company through the discovery, development and funding of the Colluli potash deposit in Eritrea.

Mr Grammer is currently Non-Executive Director of Sirius Resources Limited and Non-Executive Chairman of Kin Mining NL.

Other current directorships

Sirius Limited (June 2010 - current)

Kin Mining NL (August 2011 - current)

Directors' Report (continued)

Former directorships in last three years

South Boulder Mines Limited (October 2007 – July 2013)

Fortis Mining Limited (December 2010 – November 2011)

Mr Frank Cannavo – Resigned 11 October 2013

Non-executive

Experience and expertise

Mr Frank Cannavo is an experienced public company director with significant business and investment experience with many exploration companies in the mining industry.

With a high level contact base in the public company sector, Mr Cannavo boasts a proven track record of success and experience in creating solid, workable business strategies, capital raisings, investment, acquisitions and IPO's.

Other current directorships

None.

Former directorships in last three years

Fortis Mining Limited (2010 – 2011)

Motopia Limited (2007 – 2011)

ATOS Wellness Limited (2009 – 2011)

COMPANY SECRETARY

The Company Secretary is Mr K F Edwards, CA.

Mr Edwards is a Chartered Accountant, with over 25 years' experience in the management and administration of ASX listed public companies.

PRINCIPAL ACTIVITIES

The principal activity during the year to 30 June 2014 was mineral exploration for copper, gold and nickel.

During the year the group continued its strategy of reviewing and exploring its mineral exploration projects.

OPERATING AND FINANCIAL REVIEW

Review

The principal activity of the Group is mineral exploration. The objective of the Group, in the event of the discovery of a mineral resource, would be the successful exploration and development of the resource.

Details of the Group's exploration projects are included in the Review of Exploration Activities on page 1.

Financial position

At the end of the financial year the Group had cash reserves of \$311,457 (2013: \$867,631). The Group incurred expenditure on exploration and evaluation of \$3,468,418 (2013: \$1,054,867) before write offs.

Directors' Report (continued)

Results of Operations

The operating loss for the year, after providing for income tax was \$4,427,594 (2013: \$3,244,983).

RISKS AND RISK MANAGEMENT

The Group attempts to mitigate risks that may affect its future performance through a systematic process of identifying, assessing, reporting and managing risks of corporate significance. Key operational risks and their management are recurring items for discussion at Board meetings.

The following discusses the Group's most significant business risks.

a) Exploration

Whilst considered highly prospective, the Company's tenements are early stage exploration tenements with limited exploration undertaken on them to date.

Exploration is a high risk undertaking. The Company's joint venture projects for copper, nickel and gold prospects in Australia and Kazakhstan are in the preliminary stages of exploration and no assurance is given that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

b) Overseas Investments

Investing in an emerging market carries inherent risks, including but not limited to economic, social or political instability, uncertainty, or change, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership.

a) Commodity prices

As an explorer for copper, gold, nickel and potentially other minerals, any successes of the Company are expected to be closely related to the price of those and other commodities. Fluctuating prices in those commodities make market prices for securities in the Company more volatile than for other investments.

Commodities prices are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

b) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

Directors' Report (continued)

RISKS AND RISK MANAGEMENT (CONTINUED)

c) Future capital needs.

The Company's ability to raise further capital (equity or debt) within an acceptable time of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms, the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Group during the financial year other than:

- In August 2013, the successful completion of a 1:3 non-renounceable rights issue to shareholders for the issue of 32,791,330 ordinary fully paid shares at an issue price of \$0.12 each to raise \$3,780,474 after issue costs.
- In May 2014, the announcement of a 1:5 non-renounceable rights issue to shareholders for the issue of 26,233,049 ordinary fully paid shares at an issue price of \$0.03 each. The offer closed on 26 May 2014 with the issue of 16,706,746 ordinary fully paid shares which raised \$470,679 after issue costs. The shortfall of 9,526,303 ordinary fully paid shares was completed in July 2014 to raise \$285,789 after issue costs.
- In March 2014, the Company announced the withdrawal from the Spasskaya Joint Venture in Kazakhstan. After completing sufficient confirmatory drilling to verify the veracity of the resource estimates represented to the Company during negotiations. The work completed had shown that the historical work to be less reliable than previously anticipated. As a result the terms of the Joint Venture were not commercially viable.

DIVIDENDS

No dividends have been recommended by the Directors.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years other than:

- In July 2014 the completion of the 1:5 rights issue announced in May 2014, with the placement of 9,526,303 ordinary fully paid shares at \$0.03 each which raised \$285,789 after issue costs.

Directors' Report (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

ENVIRONMENTAL REGULATIONS

Great Western Exploration Limited conducts its exploration activities in an environmentally sensitive manner, and believes it has adequate systems in place for the management of environmental requirements. The Group is not aware of any breach of statutory conditions or obligations.

The Directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

SHARE OPTIONS

The details of unissued ordinary shares under option at the date of this report are as follows:

	Grant Date	Number Under Option	Exercise Price	Expiry Date
Unlisted	9 August 2011	4,000,000	60 cents	30 May 2016
Unlisted	2 September 2011	350,000	40 cents	30 June 2015
Unlisted	12 December 2012	4,000,000	60 cents	30 June 2016
Unlisted	31 January 2014	1,000,000	40 cents	30 June 2015
Unlisted	25 July 2014	2,000,000	10 cents	30 June 2016

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group or any related body corporate.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

	Ordinary Shares	Options Expiring 30 June 2016
K C Somes	4,671,273	-
J A Lockett	7,838,333	3,000,000
C D Mathieson	8,266,830	1,000,000
T R Grammer	-	2,000,000

Directors' Report (continued)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the financial year ended 30 June 2014 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
K C Somes	13	13
J A Lockett	22	21
C D Mathieson	22	21
F Cannavo	9	9

DIRECTORS AND OFFICERS INSURANCE

The Company has made an agreement to indemnify all the Directors and Officers against all indemnifiable losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company to the extent permitted by the Corporations Act 2001.

The Company has taken out an insurance policy at a premium of \$18,426 in relation to Directors and Officers indemnity.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Bentleys did not receive fees for non-audit services during the financial year. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of the amounts paid or payable to the auditor for audit and other services paid during the year are set out in Note 26.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 75.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

Remuneration Policy

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Chief Executive and senior executives.

i) Directors

K C Somes	Director (Non-executive)(Appointed 11 October 2013)
J A Lockett	Director (Executive)
C D Mathieson	Director (Non-executive)
F Cannavo	Director (Non-executive)(Resigned 11 October 2013)
T R Grammer	Director (non-executive)(Appointed 25 July 2014)

There were no other changes of key management personnel after reporting date and before the financial report was authorised for issue.

The Company has not established a Remuneration Committee, the role of the Committee is assumed by the Board, as a whole, which is responsible for determining and reviewing the remuneration arrangements of the directors and executives.

The Board assesses the appropriateness of the nature and amount of emoluments of such Directors and executives on an annual basis by reference to market and industry conditions.

In order for the Company to prosper, thereby creating shareholder value, the Company must be able to attract and retain the highest calibre executives.

Executive and non-executive directors, other key management personnel and other senior employees have been granted options over ordinary shares under the Company's Employee Share Option Plan. The recipients of options are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the options granted to them will also increase. Therefore the options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Due to the nature of the Company's operations the current remuneration policy is not linked to the performance of the Company.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

Remuneration Policy (continued)

Non-executive Directors remuneration

The Board seeks to set remuneration levels that provide the Company with the ability to attract and retain the highest calibre professionals.

Fees and payments to non-executive Directors reflect the demands that are made on and the responsibilities of the Directors from time to time.

Directors' fees are determined by the Board within the aggregate Directors fee limit approved by shareholders. The maximum currently approved by the Constitution stands at \$250,000.

Remuneration in the form of share options issued under the Company's Employee Share Option Plan is designed to reward Directors and executives in a manner aligned to the creation of shareholder wealth. Subject to shareholders' approval non-executive directors may participate in the Company's Employee Share Option Plan. While Corporate Governance Principles recommend that non-executive directors not participate in such plans the Board considers the grant of options to be reasonable given the necessity to attract and retain the highest calibre professionals to the Company.

Non-executive Directors receive superannuation benefits in accordance with the Superannuation Guarantee Legislation. Non-executive directors are permitted to salary sacrifice all or part of their fees.

Due to the nature of the Company's operation i.e. mineral exploration and development, the remuneration of directors and executives, at present, does not include performance-based incentives.

Executive Remuneration (including executive directors)

The Board aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities to align the interests of executives with those of shareholders and to ensure that remuneration is market competitive.

Remuneration consists of:

- Fixed Remuneration.
Being base salary, non-monetary benefits and superannuation. Fixed remuneration is reviewed annually.
- Variable remuneration – Long term incentives.
Being share options issued under the Company's Employee Share Option Plan. The options do not have any vesting conditions other than service conditions.

Remuneration issued in the form of share options issued under the Company's Employee Share Option Plan is designed to reward directors and executives in a manner aligned to the creation of shareholder wealth.

Due to the nature of the Company's operation i.e. mineral exploration and development, the remuneration of directors and executives, at present, does not include performance-based incentives.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

Remuneration Policy (continued)

The Company has entered into contracts of employment with the Managing Director, and standard contracts with other executives, the details of which are set out below.

Name	Position	Contract Details
J A Lockett	Managing Director	<p>Base annual salary \$250,000, plus superannuation, reviewed annually.</p> <p>The Company may terminate, other than for gross misconduct, with 1 month's notice or payment in lieu of an amount of \$20,833 on the grounds of inadequate performance or prolonged illness, or 3 month's notice or payment in lieu of an amount of \$62,499 for redundancy or the Company being taken over.</p> <p>Termination payments are not payable on resignation or under circumstances of unsatisfactory performance.</p>

Great Western Exploration Limited

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of Key Management Personnel

	Short Term				Post Employment		Long Term		Share based Payment		%
30 June 2014	Salary & Fees \$	Cash Bonus \$	Non-monetary Benefits \$	Other \$	Superannuation \$	Retirement Benefits \$	Incentive Plans \$	Long service leave \$	Options \$	Total \$	Performance related \$
Non-executive directors											
K C Somes	41,250	-	-	-	3,884	-	-	-	-	45,134	-
C D Mathieson	30,000	-	-	-	2,813	-	-	-	-	32,813	-
F Cannavo	7,500	-	-	-	694	-	-	-	-	8,194	-
	78,750	-	-	-	7,391	-	-	-	-	86,141	-
Executive directors											
J A Lockett	311,252 ¹	-	-	-	28,984	-	-	-	-	340,236	-
Total	390,002	-	-	-	36,375	-	-	-	-	426,377	

¹Includes Directors fees of \$61,252.

30 June 2013

Non-executive directors											
F Cannavo	30,000	-	-	-	2,700	-	-	-	-	32,700	-
CD Mathieson	30,000	-	-	-	2,700	-	-	-	70,000	102,700	-
	60,000	-	-	-	5,400	-	-	-	70,000	135,400	-
Executive directors											
J A Lockett	214,957	-	-	-	19,574	-	-	-	210,000	444,531	-
Total	274,957	-	-	-	24,974	-	-	-	280,000	579,931	

Great Western Exploration Limited

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Compensation Options: Granted and Vested during the year

30 June 2014

No Compensation options were granted or vested during the year ended 30 June 2014.

30 June 2013

Directors

		No. of Options
J A Lockett		3,000,000
Grant Date	12 December 2012	
Fair Value per Option	\$0.07	
Exercise Price per Option	\$0.60	
Expiry Date	30 June 2016	
First Exercise Date	12 December 2012	
Last Exercise Date	30 June 2016	
Vested No.	3,000,000	
Vested %	100	
 C D Mathieson		1,000,000
Grant Date	12 December 2012	
Fair Value per Option	\$0.07	
Exercise Price per Option	\$0.60	
Expiry Date	30 June 2016	
First Exercise Date	12 December 2012	
Last Exercise Date	30 June 2016	
Vested No.	1,000,000	
Vested %	100	
		<u>4,000,000</u>

Great Western Exploration Limited

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Options granted as part of remuneration

30 June 2014

No options were granted as part of remuneration for the year ended 30 June 2014.

30 June 2013

	Value of Options Granted During the Year	Value of Options Exercised During the Year	Value of Options Lapsed During the Year	% Remuneration consisting of Options for the Year
Directors				
J A Lockett	210,000	-	-	47.24
C D Mathieson	70,000	-	-	68.15
	<hr/> 280,000 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>	

For details on the valuation of options, including models and assumptions used, refer to Note 21.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares issued on Exercise of Compensation Options

	Share Issue No.	Paid Per Share	Unpaid Per Share
30 June 2014			
Directors	-	-	-
Executives	-	-	-
30 June 2013			
Directors	-	-	-
Executives	-	-	-

Great Western Exploration Limited

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Option Holding of Key Management Personnel

30 June 2014	Balance 1 July 2013	Granted as Remuneration	Options Exercised/ Cancelled	Net Change Other	Balance 30 June 2014	Exercisable	Not Exercisable
Directors							
K C Somes*	-	-	-	-	-	-	-
J A Luckett	3,000,000	-	-	-	3,000,000	3,000,000	-
C D Mathieson	1,000,000	-	-	-	1,000,000	1,000,000	-
F Cannavo*	1,000,000	-	-	-	1,000,000	1,000,000	-
	5,000,000	-	-	-	5,000,000	5,000,000	-

*Mr Somes was appointed a Director on 11 October 2013 and Mr Cannavo resigned as a Director on 11 October 2013

30 June 2013	Balance 1 July 2012	Granted as Remuneration	Options Exercised/ Cancelled	Net Change Other	Balance 30 June 2013	Exercisable	Not Exercisable
Directors							
J A Luckett	-	3,000,000	1,394,822	1,394,822	3,000,000	3,000,000	-
F Cannavo	1,000,000	-	-	-	1,000,000	1,000,000	-
C D Mathieson	-	1,000,000	2,100,000	2,100,000	1,000,000	1,000,000	-
	1,000,000	4,000,000	3,494,822	3,494,822	5,000,000	5,000,000	-

Great Western Exploration Limited

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Shareholdings of Key Management Personnel

30 June 2014	Balance 1 July 2013	Granted as Remuneration	On exercise of Options	Net Change Other	Balance 30 June 2014
Directors					
K C Some*	-	-	-	4,671,273	4,671,273
J A Luckett	3,675,000	-	-	4,163,333	7,838,333
C D Mathieson	3,700,123	-	-	4,566,707	8,266,830
F Cannavo*	3,900,000	-	-	375,000	4,275,000
	<u>11,275,123</u>	<u>-</u>	<u>-</u>	<u>13,776,313</u>	<u>25,051,436</u>

*Mr Some was appointed a Director on 11 October 2013 and Mr Cannavo resigned as a Director on 11 October 2013

30 June 2013	Balance 1 July 2012	Granted as Remuneration	On exercise of Options	Net Change Other	Balance 30 June 2013
Directors					
F Cannavo	3,900,000	-	-	-	3,900,000
J A Luckett	3,675,000	-	-	-	3,675,000
C D Mathieson	3,700,123	-	-	-	3,700,123
	<u>11,275,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,275,123</u>

END OF REMUNERATION REPORT (AUDITED)

Great Western Exploration Limited

Directors' Report (continued)

This Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Directors.

Dated this 30th day of September 2014



J A Lockett
Managing Director

Great Western Exploration Limited

Corporate Governance Statement

For the year ended 30 June 2014

The Board of Directors of Great Western Exploration Limited is responsible for Corporate Governance of the company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Due to the size and nature of the Company's activities, the Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. Some of the best practices recommended are not cost effective for adoption in a small company environment.

The Board is committed to the standards of Corporate Governance as set out in the ASX Corporate Governance Council's *Principles and Recommendations*.

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of Director held by each director in office at the date of the Annual Report is set out in the Directors' Report.

Directors of Great Western Exploration Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

The following directors were considered to be independent during the year:

Mr K C Somes
Mr C D Mathieson

There are procedures in place to enable Directors to seek independent professional advice, at the expense of the Company, on issues arising in the course of their duties as Directors.

Set out below is the term in office held by each Director at the date of this report:

Mr K C Somes	Non-executive Director	Appointed 11 October 2013
Mr J A Lockett	Managing Director	Appointed 22 January 2008
Mr C D Mathieson	Non-executive Director	Appointed 9 December 2011
Mr T R Grammer	Non-executive Director	Appointed 25 July 2014
Mr F Cannavo	Non-executive Director	Resigned 11 October 2013

Nomination Committee

The function of establishing the criteria for Board membership, nomination of Directors and review of Board membership, is performed by the Board as a whole, until such time as the Company is of a sufficient size to warrant the establishment of a separate Nomination Committee.

The composition of the Board is determined ensuring that there is an appropriate combination of corporate and operational expertise and qualifications.

Performance

An evaluation of Directors is conducted by the Board on an annual basis. The Managing Director is responsible for the review of key executives.

Great Western Exploration Limited
Corporate Governance Statement (continued)
For the year ended 30 June 2014

Remuneration

The Board as a whole is responsible for determining and reviewing the arrangements for Directors and Executive management. The Board assesses the appropriateness of the nature and amount of emoluments of such Officers on an annual basis by reference to market and industry conditions and taking into account the Company's operational and financial performance.

Details of remuneration received by Directors and executives are included in the Remuneration Report contained within the Directors' Report.

CODE OF CONDUCT

The Company has established its Code of Conduct to ensure that directors and senior executives are provided with clear principles setting out the expectations of their conduct.

It is expected that directors and senior executives will actively promote the highest standards of ethics, honesty and integrity in carrying out their roles and responsibilities for the Company.

In dealings with the Company's suppliers, competitors, customers and other organisations with which they have contact, they will exercise fairness and integrity, and will observe the form and substance of the regulatory environment in which the Company operates.

Directors and senior executives must, at all times, act in the interests of the Company and will ensure compliance with the laws and regulations in relation to the jurisdictions in which the Company operates.

Directors and senior executives have a role in ensuring compliance with this code of conduct, and therefore should be vigilant and report any breach of this code of conduct.

For further information on the Company's Code of Conduct refer to our website.

DIVERSITY POLICY

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to workplace diversity and recognises the benefits arising from employee and board diversity including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Board is responsible for developing measurable objectives and strategies to meet the objectives and the monitoring of the progress of the objectives.

Due to the present scale of operations and number of staff the Company has not yet set measurable objectives for achieving gender diversity. The Board will review progress against any objectives identified on an annual basis.

Details of women employed within the Company are as follows:

	No.	%
Women on the Board	-	-
Women in senior management roles	1	33
Women employees in the Company	4	37

Great Western Exploration Limited
Corporate Governance Statement (continued)
For the year ended 30 June 2014

TRADING POLICY

Under the Company's Securities Trading Policy Directors and Key Management Personnel must not trade in any securities of the Company at any time when they are in possession of information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities.

Directors and Key Management Personnel are permitted to deal in the securities of the Company throughout the year except during the following periods:

In the two weeks prior to, and 24 hours after the release of the Company's Annual Financial Report:
In the two weeks prior to, and 24 hours after the release of the Interim Financial Report of the Company:
In the two weeks prior to, and 24 hours after the release of the Company's Quarterly Reports (together the Block out Period)

Any Director wishing to deal in the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so.

If the Chairman wishes to deal in the Company's securities the Chairman must obtain the prior approval of the Board before doing so.

Any Key Management Personnel wishing to deal in the Company's securities must obtain the prior written approval of the Managing Director before doing so.

ASX Listing Rules require the Company to notify ASX within 5 business days after any dealing in the securities of the Company

The Securities Trading Policy can be found on the company's website.

AUDIT COMMITTEE

The Board has not established an Audit Committee.

The role of the Audit Committee in the establishment of effective internal control framework to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information was performed by the Board as a whole during the financial year.

The Board as a whole deals directly with and receives reports from the Company's external auditors in relation to the Annual financial reports and other statutory requirements.

RISK MANAGEMENT

The Board as a whole carries out the role of Risk Management. The Board evaluates and monitors areas of operational and financial risk.

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The effectiveness of controls is monitored and reviewed regularly.

The Chief Executive Officer and Chief Financial Officer, or equivalent, have provided a written statement to the Board that in their view the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board and that the company's risk management and internal compliance and control system is operating effectively in all material respects.

Great Western Exploration Limited

Corporate Governance Statement (continued)

For the year ended 30 June 2014

COMPLIANCE WITH DISCLOSURE REQUIREMENTS

The Company is committed to meeting its disclosure obligations and to the promotion of investor confidence in its securities. It has in place written policies and procedures to ensure compliance with ASX Listing Rule 3.1.

The Company will immediately notify the market by announcement to the ASX of any information concerning the business of Great Western Exploration Limited that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

SHAREHOLDERS

The Board endeavours to ensure that shareholders are fully informed of all activities affecting the Company. Information is conveyed to shareholders via the Annual Report, Quarterly Reports and other announcements.

This information is available on the Company's website, www.greatwesternexploration.com.au, and in hard copy upon request.

The Board encourages attendance and participation of shareholders at the Annual General and other General Meetings of the Company.

The Company's external auditor is requested to attend the Annual General Meeting and be available to take questions about the conduct of the audit and the content of the Auditors' Report.

Great Western Exploration Limited
Corporate Governance Statement (continued)
For the year ended 30 June 2014

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Company’s practices depart from the Recommendations.

Recommendation	Great Western Exploration Limited Current Practice
1.1 Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Performance Evaluation Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
2.1 A majority of the board should be independent directors.	Not satisfied. At present, due to the size and nature of the Company’s operations, the Directors believe the current structure and makeup of the Board which provides an appropriate combination of corporate and operational expertise to be in the best interests of shareholders. This position is to be reviewed annually.
2.2 The chair should be an independent director.	Not satisfied. During the year the Role of Chairman and Managing Director was held by the same person until 11 October 2013 when Mr K C Somes an independent director was appointed chair.
2.3 The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Refer 2.2 above the role of Chair and CEO were exercised by the same person for the period 1 July 2013 to 11 October 2013.

Great Western Exploration Limited

Recommendation	Great Western Exploration Limited Current Practice
2.4 The board should establish a nomination committee.	<p>Not satisfied.</p> <p>The Board has not established a Nomination Committee.</p> <p>The Board considers that given the current size, this function is efficiently achieved with full Board participation, until such time as the Company is of sufficient size to warrant the establishment of the Committee.</p>
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>Satisfied.</p> <p>Performance Evaluation Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.</p>
<p>3.1 Companies should disclose a code of conduct and disclose the code or a summary of the code as to:</p> <p>The practices necessary to maintain confidence in the company's integrity</p> <p>The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</p> <p>The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	<p>Satisfied.</p> <p>The Code of conduct is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.</p>
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<p>Satisfied.</p> <p>The Diversity Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement</p>
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards them.	<p>Not satisfied.</p> <p>At present due to the Company's present scale of operations and number of staff it has not yet set measurable objectives for achieving gender diversity. The Board will review on an annual basis progress against any objectives identified.</p>
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior management and women on the board.	<p>Satisfied</p>

Great Western Exploration Limited

Recommendation	Great Western Exploration Limited Current Practice
4.1 The board should establish an audit committee.	<p>Not satisfied.</p> <p>The Board has not established an Audit Committee. The Board as a whole carries out the role of the Audit Committee due to the current size and nature of the Company's operations and size of the Board.</p>
<p>4.2 The audit committee should be structured so that it:</p> <p>Consists only of non-executive directors</p> <p>Consists of a majority of independent directors</p> <p>Is chaired by an independent chair, who is not chair of the board. Has at least three members.</p>	<p>Not satisfied.</p> <p>Refer to comment 4.1.</p>
4.3 The audit committee should have a formal charter.	<p>Not satisfied.</p> <p>Refer to comment 4.1.</p>
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>Satisfied.</p> <p>Continuous disclosure policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.</p>
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	<p>Satisfied.</p> <p>Shareholders communication policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.</p>
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>Satisfied.</p> <p>Risk management program is available at www.greatwesternexploration.com.au in the Corporate Governance statement.</p>
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<p>Satisfied.</p> <p>The management and implementation of risk management and internal control systems to manage the Company's material business risks is routinely considered by the Board.</p>

Great Western Exploration Limited

Recommendation	Great Western Exploration Limited Current Practice
<p>7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Satisfied.</p> <p>The Board has received a section 295A declaration pursuant to the 2014 financial year.</p>
<p>8.1 The board should establish a remuneration committee.</p>	<p>Not Satisfied.</p> <p>The Board has not established a remuneration committee.</p> <p>The Board considers that given the current size this function is efficiently achieved with full Board participation, until such time as the Company is of sufficient size to warrant the establishment of the committee.</p>
<p>8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.</p>

For further information on the corporate governance policies adopted by Great Western Exploration Limited refer to our website: www.greatwesternexploration.com.au

Great Western Exploration Limited
Consolidated Statement of Financial Position
As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	311,457	867,631
Trade and other receivables	9	24,133	41,048
Other financial assets	10	1,000	3,400
Other assets	11	5,483	13,572
TOTAL CURRENT ASSETS		<u>342,073</u>	<u>925,651</u>
NON CURRENT ASSETS			
Property, plant and equipment	12	85,358	102,973
Mineral exploration expenditure	13	5,541,853	5,091,496
Other financial assets	10	59,616	70,874
TOTAL NON CURRENT ASSETS		<u>5,686,827</u>	<u>5,265,343</u>
TOTAL ASSETS		<u>6,028,900</u>	<u>6,190,994</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	240,883	269,669
Provisions	15	24,039	8,500
TOTAL CURRENT LIABILITIES		<u>264,922</u>	<u>278,169</u>
TOTAL LIABILITIES		<u>264,922</u>	<u>278,169</u>
NET ASSETS		<u>5,763,978</u>	<u>5,912,825</u>
EQUITY			
Issued capital	16	18,441,819	14,190,666
Reserves	17	1,828,623	1,849,029
Accumulated losses		<u>(14,506,464)</u>	<u>(10,126,870)</u>
TOTAL EQUITY		<u>5,763,978</u>	<u>5,912,825</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Great Western Exploration Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Interest received		35,586	64,772
Net (loss) / gain on revaluation of financial assets		(2,400)	(4,200)
Other income		14,321	-
Employee benefit expense	5	(598,873)	(744,747)
Administration expenses		(607,569)	(732,512)
Directors' fees		(140,000)	(90,000)
Depreciation		(29,320)	(35,540)
Compliance and regulatory expenses		(81,277)	(103,050)
Mineral exploration written off	13	(3,018,062)	(1,599,706)
Loss before income tax		(4,427,594)	(3,244,983)
Income tax expense	6	-	-
Loss for the year		(4,427,594)	(3,244,983)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating Foreign Controlled entities		18,061	32,282
Total comprehensive income for the year		(4,409,533)	(3,212,701)
Basic loss per share (cents per share)	7	(3.42)	(3.30)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Great Western Exploration Limited
Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2014

	Issued Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
30 June 2014	\$	\$	\$	\$	\$
Balance At 1 July 2013	14,190,666	1,823,325	25,704	(10,126,870)	5,912,825
Loss for the year	-	-	-	(4,427,594)	(4,427,594)
Other comprehensive income	-	-	18,061	-	18,061
Total comprehensive income for the year	-	-	18,061	(4,427,594)	(4,409,533)
Transfer of expired options	-	(48,000)	-	48,000	-
Share based payments	-	9,533	-	-	9,533
Shares issued during the year net of transaction costs	4,251,153	-	-	-	4,251,153
Balance at 30 June 2014	18,441,819	1,784,858	43,765	(14,506,464)	5,763,978

	Issued Capital	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
30 June 2013	\$	\$	\$	\$	\$
Balance At 1 July 2012	13,964,484	2,239,594	(6,578)	(7,626,156)	8,571,344
Loss for the year	-	-	-	(3,244,983)	(3,244,983)
Other comprehensive income	-	-	32,282	-	32,282
Total comprehensive income for the year	-	-	32,282	(3,244,983)	(3,212,701)
Transfer of expired options	228,353	(972,622)	-	744,269	-
Share based payments	-	328,000	-	-	328,000
Options issued during the year net of transaction costs	-	228,353	-	-	228,353
Transaction costs	(2,171)	-	-	-	(2,171)
Balance at 30 June 2013	14,190,666	1,823,325	25,704	(10,126,870)	5,912,825

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Great Western Exploration Limited

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash payments to suppliers and employees		(1,296,460)	(1,358,092)
Payments for exploration and evaluation expenditure		(3,313,746)	(1,418,169)
Interest received		35,586	63,666
Net cash used in operating activities	18	<u>(4,574,620)</u>	<u>(2,712,595)</u>
Cash flows from investing activities			
Payments for acquisition of mineral tenements		(230,745)	(58,818)
Kazakhstan project costs refunded		-	468,361
Payments for property, plant and equipment		(17,585)	(1,925)
Payments for security deposits		11,258	-
Net cash used in investing activities		<u>(237,072)</u>	<u>407,618</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		4,431,798	265,032
Share issue costs		(176,280)	(38,850)
Net cash provided by financing activities		<u>4,255,518</u>	<u>226,182</u>
Net increase in cash held		(556,174)	(2,078,795)
Cash at the beginning of the financial year		867,631	2,946,426
Cash at the end of the financial year	8	<u><u>311,457</u></u>	<u><u>867,631</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014

These consolidated financial statements and notes represent those of Great Western Exploration Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Great Western Exploration Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 30th September 2014 by the Directors of the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$4,427,594 (2013: \$3,244,983).

During the year the company raised \$4,251,153 after issue costs, by the way of rights issues to shareholders in August 2013 and June 2014.

Subsequent to year end the company raised a further \$285,789 after issue costs, from the placement of the shortfall from the rights issue which closed in June 2014.

The Group has a working capital surplus of \$70,668 at 30 June 2014 (30 June 2013: \$647,482).

The Group has ongoing expenditures in respect of administration costs and exploration and evaluation expenditure on its Australian exploration projects. The Directors are conscious of the fact that they will need to raise additional capital.

The Directors believe that at the date of signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the Group will be able to raise sufficient additional funds to meet its obligations as and when they fall due and continue to proceed with the Group's objectives beyond the currently committed expenditure for the 12-month period from the date of signing this financial report.

In arriving at this conclusion, the Directors are comfortable that, as and when required, they will be able to raise equity to provide sufficient working capital.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Should the Directors not achieve the matters as set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financials do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Group not continue as a going concern and meet its debts as and when they fall due.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Great Western Exploration Limited at the end of the reporting period. A controlled entity is any entity over which Great Western Exploration Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the Statement of Profit or Loss and Other Comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

- (i) The consideration transferred;
- (ii) Any non-controlling interest, and
- (iii) The acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquire either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

c) Application of New and Revised Accounting Standards

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets"	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015

d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the year established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

(ii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets except for those maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. Investments with no active market, and whose fair values cannot be reliably measured, shall be measured at cost.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

g) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and Equipment – over 6 to 15 years

Motor Vehicles – over 4 years

Computer Equipment – over 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

h) Exploration and Evaluation Expenditure

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the Statement of Comprehensive Income immediately.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount an impairment loss is recognised in the Statement of Comprehensive Income.

i) Interests in Joint Ventures

The Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

k) Trade and other Payables

Trade and other payables are carried at amortised cost; due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Provisions and Employee Leave Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Leave Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present level of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Share Based Payment Transactions

(i) Equity settled transaction:

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group has in place the Great Western Exploration Limited Employee Share Option Plan to provide benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting the cumulative charge to the Statement of Comprehensive Income is the produce of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the year is the cumulative amount as calculated above less the amounts already charged in previous years. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

p) Income Tax and other Taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in the transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Group continually employs judgement in the application of its accounting policies.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. Those which may materially affect the carrying amounts of assets and liabilities reported in future years are discussed below.

(a) Significant accounting estimates and judgements

(i) *Impairment of non-financial assets*

The Group assesses impairment on all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology and economic environments. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

(ii) *Share-based payment transactions*

The Group measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions comprise only options. Their fair value is determined using the Binomial Options Pricing model. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact expenses and equity.

(iii) *Estimation of useful lives of assets*

The estimation of useful lives of assets has been based on historical experience. Adjustments to useful lives are made when considered necessary. Depreciation and amortisation charges as well as estimated useful lives are included in Note 1(g).

(iv) *Exploration and evaluation costs*

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

(v) *Environmental issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Group's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(vi) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors best estimate, pending an assessment by the Australian Taxation Office.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	8	311,457	867,631
Receivables	9	24,133	41,048
Other financial assets- Cash on deposit	10	59,616	70,874
Financial assets at fair value through profit or loss			
- Held for trading	10	1,000	3,400
		<u>396,206</u>	<u>982,953</u>
Financial Liabilities			
Trade and payables	14	240,883	269,669
		<u>240,883</u>	<u>269,669</u>

Financial Risk Management Policies

The Group attempts to mitigate risks that may affect its future performance through a systematic process of identifying, assessing, reporting and managing risks of corporate significance.

The management and the Board discuss the principal risks of our businesses, particularly during the strategic planning and budgeting processes. The board sets policies for the implementation of systems to manage and monitor identifiable risks. The Board Risk Committee is responsible for the oversight of risk management.

The Group's principal financial instruments comprise cash and short term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main purpose of these financial assets and liabilities is to raise finance for the Group's operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk. Other minor risks are either summarised below or disclosed in Note 9 in the case of credit risk and Note 16 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

Financial Risk Management Policies (continued)

(a) Credit Risk

The Group minimises credit risk by undertaking a review of its potential customers' financial position and the viability of the underlying project prior to entering into material contracts.

Financial instruments other than receivables that potentially subject the Group to concentrations of credit risk consist principally of cash deposits. The Group places its cash deposits with high credit-quality financial institutions, being in Australia only the major Australian (big four) banks. Cash holdings in other countries are generally not significant. The Group's cash deposits all mature within twelve months and attract a rate of interest at normal short-term money market rates.

The maximum amount of credit risk the Group considers it would be exposed to would be \$396,206 (2013: \$982,593) being the total of its cash and cash equivalents and financial assets.

(b) Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short term deposits with a floating interest rate. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following table sets out the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

	Note	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount	
		2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets							
Cash and cash equivalents	8	311,457	867,631	-	-	311,457	867,631
Trade and other Receivables	9	-	-	24,133	41,048	24,133	41,048
Other Financial assets		-	-	1,000	3,400	1,000	3,400
Weighted average interest rate		2.40	3.25				

The effect on profit and equity, after tax, if interest rates at that date had been 10% higher or 10% lower with all other variables held constant as a sensitivity analysis. Would be a +/- change to profit and equity of \$3,558 (2013: \$6,477).

A sensitivity of 10% has been selected as this is considered by management to be reasonable in the current environment.

The Group constantly analyses its interest rate exposure to ensure the appropriate mix of fixed and variable rates.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

Financial Risk Management Policies (continued)

(c) Price Risk

The Group is not exposed to equity securities price risk. There is no active market for available for sale investments.

(d) Liquidity Risk

The Group's objective is to match the terms of its funding sources to the terms of the assets or operations being financed. The Group uses a combination of trade payables and operating leases to provide its necessary debt funding.

The Group aims to hold sufficient reserves of cash or cash equivalents to help manage the fluctuations in working capital requirements and provide the flexibility for investment into long-term assets without the need to raise debt.

Contracted maturities of payables at balance date	2014 \$	2013 \$
Payable		
- Less than 6 months	240,883	269,669
- 6 to 12 months	-	-
- 1 to 5 years	-	-
	<u>240,883</u>	<u>269,669</u>

(e) Commodity Price Risk

Due to the early stage of the Group's operations its exposure is considered minimal. Risk arises as its operations are involved in exploration and development of mineral commodities, changes in the price of commodities for which the Group is exploring and developing may result in changes to the Group's market price. The Group entity does not hedge any of its exposures.

(f) Foreign currency exchange rate

A risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Group's functional currency.

At present, the Group is not considered to be exposed to any significant foreign currency risk.

(g) Net fair values

The Group has no financial assets or liabilities where the carrying value amount exceeds fair value at balance date. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

The Group's financial assets at fair value through profit or loss are listed investments (Note 10) and are categorised as Level 1, meaning fair value is determined from quoted prices in active markets for identical assets.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

4. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group's principal activities are mineral exploration and are managed primarily on a project by project basis. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of products and services by segment

The Group's exploration projects consist of:

- Nickel and Gold
- Base metals

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Items of revenue, expense, assets and liabilities are not allocated to operating segments if they are not considered part of the core operations of any segment.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

4. OPERATING SEGMENTS (CONTINUED)

(i) Segment performance

	Doolgunna Base Metals	Kazakhstan Copper	Forrestania Nickel & Gold	Millrose Nickel & Gold	Other	Total
30 June 2014	\$	\$	\$	\$	\$	\$
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit/(loss) before tax	(11,624)	(2,712,309)	(102,171)	-	(191,958)	(3,018,062)
Reconciliation of segment result to net profit/(loss) before tax: (i) Amount not included in segment result but reviewed by the Board:						
• Interest received						35,586
• Other income						14,321
• Net loss on revaluation of financial asset						(2,400)
• Directors fees						(140,000)
• Compliance						(81,277)
• Depreciation						(29,320)
• Other expenses						(1,206,442)
Net profit/(loss) before tax from continuing operations						<u>(4,427,594)</u>
30 June 2013						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	(642,472)	(133,069)	(230,410)	(593,755)	(1,599,706)
Reconciliation of segment result to net profit/(loss) before tax: (i) Amount not included in segment result but reviewed by the Board:						
• Interest received						64,772
• Net loss on revaluation of financial asset						(4,200)
• Directors fees						(90,000)
• Compliance						(103,050)
• Depreciation						(35,540)
• Other expenses						(1,477,259)
Net profit/(loss) before tax from continuing operations						<u>(3,244,983)</u>

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

4. OPERATING SEGMENTS (CONTINUED)

(ii) Segment assets

	Doolgunna Base Metals	Kazakhstan Copper	Forrestania Nickel & Gold	Bullseye Millrose Gold	Other	Total
	\$	\$	\$	\$	\$	\$
30 June 2014						
Segment assets	2,931,801	-	2,338,488	271,564	-	5,541,853
Segment asset increases for the year:						
• Capital expenditure	621,629	2,317,024	38,824	59,297	191,958	3,228,732
• Acquisitions	23,662	216,024	-	-	-	239,686
	<u>645,291</u>	<u>2,533,048</u>	<u>38,824</u>	<u>59,297</u>	<u>191,958</u>	<u>3,468,418</u>
Reconciliation of segment assets to total assets:						
Unallocated assets:						
• Cash and cash equivalents						311,457
• Receivables						24,133
• Other assets						6,483
• Property plant and equipment						85,358
• Other financial assets						59,616
Total assets from continuing operations						<u>6,028,900</u>
30 June 2013						
Segment assets	2,298,134	179,261	2,401,834	212,267	-	5,091,496
Segment asset increases for the year:						
• Capital expenditure	293,282	179,261	(5,125)	-	-	467,418
• Acquisitions	61,638	-	50,264	94,389	-	206,291
• Refund of costs	-	(468,361)	-	-	-	(468,361)
	<u>354,920</u>	<u>(289,100)</u>	<u>45,139</u>	<u>94,389</u>	<u>-</u>	<u>205,348</u>
Reconciliation of segment assets to total assets:						
Unallocated assets:						
• Cash and cash equivalents						867,631
• Receivables						41,048
• Other assets						13,572
• Property plant and equipment						102,973
• Other financial assets						74,274
Total assets from continuing operations						<u>6,190,994</u>

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

4. OPERATING SEGMENTS (CONTINUED)

(ii) Segment liabilities

	Doolgunna Base Metals \$	Kazakhstan Copper \$	Forrestania Nickel & Gold \$	Bullseye Millrose Gold \$	Other \$	Total \$
30 June 2014						
Segment liabilities	-	-	-	-	-	-
Reconciliation of segment liabilities to total liabilities:						
Unallocated liabilities:						
• Other liabilities						<u>264,922</u>
Total liabilities from continuing operations						<u><u>264,922</u></u>
30 June 2013						
Segment liabilities	-	-	-	-	-	-
Reconciliation of segment liabilities to total liabilities:						
Unallocated liabilities:						
• Other liabilities						<u>278,169</u>
Total liabilities from continuing operations						<u><u>278,169</u></u>

Revenue by geographical region

The Group's revenue is received from sources within Australia.

(vi) Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

	Balance as at 30.6.2014 \$	Balance as at 30.6.2013 \$
Australia	5,541,853	4,912,235
Kazakhstan	-	179,261
	<u>5,541,853</u>	<u>5,091,496</u>

(vii) Major customers

Due to the nature of its current operations, the Group does not provide products and services.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

5. EXPENSES

	2014 \$	2013 \$
Employee benefits		
Salaries	523,319	388,315
Superannuation	50,483	31,706
Share-based payments	9,533	328,000
Provision for employee leave	15,538	(3,274)
	<u>598,873</u>	<u>744,747</u>

6. INCOME TAX

	2014 \$	2013 \$
a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Accounting loss before income tax	(4,427,594)	(3,244,983)
Income tax benefit at the statutory income tax rate of 30% (2013: 30%)	(1,328,278)	(973,495)
Expenditure not allowable for income tax purposes	916,698	578,663
Capitalised mineral exploration expenditure	(1,040,525)	(215,962)
Capital raising costs	(43,355)	(32,244)
Benefit of tax losses not brought to account as an asset	1,495,460	643,238
Income Tax expense reported in the Statement of Profit or Loss and Other Comprehensive Income	<u>-</u>	<u>-</u>
b) As at 30 June 2014, the Group has estimated tax losses of approximately \$17,600,000 (2013: \$12,600,000), which may be available to be offset against deferred tax liabilities and taxable income in future years. The availability of these losses is subject to satisfying Australian taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements as the Directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.		
c) Deferred Tax Liability		
With regard to Mineral Exploration Expenditure of \$5,541,853 (2013: \$5,091,496) the tax liability in respect of the book value has not been brought to account as it is offset by the tax losses set out in 6(b) above.		

7. EARNINGS PER SHARE

	2014 \$	2013 \$
Loss used in the calculation of basic EPS	(4,427,594)	(3,244,983)
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>129,413,312</u>	<u>98,375,087</u>

Great Western Exploration Limited**Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)****8. CASH AND CASH EQUIVALENTS**

	2014	2013
	\$	\$
Cash at bank	21,454	85,609
Cash on deposit	290,003	782,122
	<u>311,457</u>	<u>867,631</u>

The effective interest rate on short term bank deposits on average was 2.4% (2013 3.25%), with an average maturity of 6 months.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Current		
GST receivable	23,970	33,201
Other	163	7,847
	<u>24,133</u>	<u>41,048</u>

Sundry debtors are non-interest bearing and receivable within 30 days.

Allowance for impairment loss

Trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

Given the nature of the receivables the Group's exposure to risk is not considered material.

10. OTHER FINANCIAL ASSETS

	2014	2013
	\$	\$
Current		
Financial assets at fair value through profit or loss		
Held for trading Australian listed shares (Level 1 fair value hierarchy)	1,000	3,400

Changes in fair value are included in the statement of comprehensive income.

Non-current		
Cash on deposit	<u>59,616</u>	<u>70,874</u>

Cash on deposit as security for bank guarantees in respect of rental premises and mineral exploration tenements.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

11. OTHER ASSETS

	2014 \$	2013 \$
Current Prepayments	5,483	13,572

12. PROPERTY, PLANT AND EQUIPMENT

	2014 \$	2013 \$
Plant and Equipment – at cost	145,526	176,108
Less: accumulated depreciation	(60,168)	(73,135)
	<u>85,358</u>	<u>102,973</u>
Reconciliation of the carrying amount of property, plant and equipment		
Carrying amount at beginning of year	102,973	123,519
Additions	11,705	14,994
Disposals	-	-
Depreciation for the year	(29,320)	(35,540)
Carrying amount at end of financial year	<u>85,358</u>	<u>102,973</u>

13. MINERAL EXPLORATION EXPENDITURE

	2014 \$	2013 \$
Balance at beginning of the year	5,091,496	5,636,335
Deferred exploration expenditure	3,468,419	1,523,228
Exploration expenditure refund	-	(468,361)
Mineral expenditure written off	(3,018,062)	(1,599,706)
Balance at end of financial year	<u>5,541,853</u>	<u>5,091,496</u>

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

In March 2014, the Company announced the withdrawal from the Spasskaya Joint Venture in Kazakhstan. After completing sufficient confirmatory drilling to verify the veracity of the resource estimates represented to the Company during negotiations. The work completed had shown that the historical work to be less reliable than previously anticipated. As a result the terms of the Joint Venture were not commercially viable. The withdrawal resulted in a write off of \$2,712,309.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

14. TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Current		
Trade payables	55,821	132,194
Sundry payables and accruals	185,062	137,475
	<u>240,883</u>	<u>269,669</u>

Due to the short-term nature of these payables, their carrying value is assumed to approximate fair value.

Trade payables are non-interest bearing and are generally settled within 30 days.

15. PROVISIONS

	2014 \$	2013 \$
Current		
Employee benefits	24,039	8,500

16. ISSUED CAPITAL

	2014 \$	2013 \$
Ordinary Shares	18,441,819	14,190,666

Movements	2014 Number	2013 Number	2014 \$	2013 \$
Ordinary Shares				
Balance 1 July	98,375,087	98,375,087	14,190,666	13,964,484
Transfer from Option Premium Reserve	-	-	-	228,353
Rights Issue				
- July 2013	32,791,330	-	3,934,961	-
- May 2014	16,706,746	-	501,202	-
Options exercised during year	-	-	-	-
	147,873,163	98,375,087	18,626,829	14,192,837
Issue costs	-	-	(185,010)	(2,171)
At 30 June	147,873,163	98,375,087	18,441,819	14,190,666

The Company at 30 June 2014 has issued share capital amounting to 147,873,163 (2013: 98,375,087) ordinary shares with no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

16. ISSUED CAPITAL (CONTINUED)

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group is as follows:

	2014 \$	2013 \$
Cash and cash equivalents	311,457	867,631
Trade and other receivables	24,133	41,048
Trade and other payables	(264,922)	(269,669)
Working capital position	<u>70,668</u>	<u>639,010</u>

17. RESERVES

	2014 \$	2013 \$
Share Option Reserve	1,784,858	1,823,325
Foreign Currency Translation Reserve	43,765	25,704
	<u>1,828,623</u>	<u>1,849,029</u>

(a) Share Option Reserve

Movements

	2014 No.	2013 No.	2014 \$	2013 \$
Options				
Listed				
- Expiring 30 June 2012				
Exercisable at \$0.30				
At 1 July	-	-	-	7,919
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Transfer to accumulated losses	-	-	-	(7,919)
At 30 June	-	-	-	-
Unlisted				
- Expiring 30 June 2012				
Exercisable at \$0.30				
At 1 July	-	-	-	692,350
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Transfer to accumulated losses	-	-	-	(692,350)
At 30 June	-	-	-	-

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

(a) Share Option Reserve (continued)

	2014 No.	2013 No.	2014 \$	2013 \$
- Expiring 30 June 2012 Exercisable at \$0.40				
At 1 July	-	-	44,000	44,000
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Transfer to Accumulated losses	-	-	(44,000)	(44,000)
At 30 June	-	-	-	-
Unlisted				
- Expiring 30 May 2016 Exercisable at \$0.60				
At 1 July	4,000,000	4,000,000	1,371,600	1,371,600
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
At 30 June	4,000,000	4,000,000	1,371,600	1,371,600
Unlisted				
- Expiring 30 June 2015 Exercisable at \$0.40				
At 1 July	350,000	350,000	123,725	123,725
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
At 30 June	350,000	350,000	123,725	123,725
Unlisted				
- Expiring 30 June 2014 Exercisable at \$0.40				
At 1 July	1,000,000	-	48,000	-
Issued during the year	-	1,000,000	-	48,000
Exercised during the year	-	-	-	-
Expired during the year	(1,000,000)	-	-	-
Transfer to Accumulated losses	-	-	(48,000)	-
At 30 June	-	1,000,000	-	48,000
Unlisted				
- Expiring 30 June 2015 Exercisable at \$0.40				
At 1 July	-	-	-	-
Issued during the year	1,000,000	-	9,553	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
At 30 June	1,000,000	-	9,553	-
Unlisted				
- Expiring 30 June 2016 Exercisable at \$0.60				
At 1 July	4,000,000	-	280,000	-
Issues during the year	-	4,000,000	-	280,000
Exercised during the year	-	-	-	-
At 30 June	4,000,000	4,000,000	280,000	280,000
Listed	-	-	-	-
-Expiring 28 February 2013				
At 1 July	-	-	-	-
Issued during the year	-	26,503,277	-	265,033
Transaction costs	-	-	-	(36,680)
Exercised during the year	-	-	-	-
Expired during the year	-	(26,503,277)	-	-
Transfer to issued capital	-	-	-	(228,353)
At 30 June	-	-	-	-
Total	9,350,000	9,350,000	1,784,878	1,823,325

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

(a) Share Option Reserve (continued)

The share based payments reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 21 for further details of these plans.

The Group operates an Employee Share Option Plan under which Options to subscribe for the Company's shares have been granted to directors, senior executives and employees.

(b) Foreign Currency Transaction Reserve

	2014 \$	2013 \$
At 1 July	25,704	(6,578)
Exchange difference arising on translating the foreign entity	18,061	32,282
At 30 June	43,765	25,704

18. CASH FLOW STATEMENT RECONCILIATION

	2014 \$	2013 \$
a) Reconciliation of net loss after tax to net cash flows from operations		
Loss for the year	(4,427,594)	(3,244,983)
Depreciation	29,320	35,540
Share based payments	9,533	328,000
Mineral exploration expenditure written off	3,018,062	1,599,706
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	14,735	(20,144)
(Increase)/Decrease in other assets	21,178	17,271
Increase/(Decrease) in trade and other payables	50,952	(39,803)
(Increase)/Decrease in exploration expenditure	(3,313,716)	(1,416,170)
Increase /(Decrease) in provisions	22,910	27,988
	(4,574,620)	(2,712,595)

19. RELATED PARTY DISCLOSURE

a) Transactions with Directors and Directors Related Entities

During the year the group paid \$4,000 (2013: \$9,895) to Somes Cooke, an accounting practice of which Mr K C Somes a director, is a partner, for taxation and accounting services.

The above transactions were entered into on normal terms and conditions.

20. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel

	2014 \$	2013 \$
Short term employee benefits	390,002	274,957
Post employment benefits	36,375	24,974
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	280,000
	426,377	579,931

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

21. SHARE BASED PAYMENTS

- (a) Recognised share based payment expenses.

The share based payment expense recognised for employee services received during the year is shown in the table below:

	2014 \$	2013 \$
Expense arising from equity settled share-based payment transactions	9,533	328,000
Expense arising from cash settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	9,533	328,000

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2014 and 2013.

- b) Types of Share based payment plans

Great Western Exploration Limited, Employee Share Option Plan

Share options are granted to senior executives and designed to provide executives an incentive and participate along with shareholders by increasing the value of the Company's shares. The options are issued by the Board having regard, in each case to:

- (i) the contribution to the Group which has been made by the Participant;
- (ii) the period of employment of the Participant with the Group, including (but not limited to) the years of service by that Participant;
- (iii) the potential contribution of the Participant to the Group; and
- (iv) any other matters which the Board considers in its absolute discretion, to be relevant.

The options are issued to participants at a price the Board considers appropriate, but in any event, no more than nominal consideration.

Details of options expiry date and exercise price are set out in Note 21(c) below.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

c) Summary of Options granted under Employee Share Option Plan

	2014		2013	
	No.	Exercise Price	No.	Exercise Price
Outstanding at beginning of financial year	9,350,000		4,350,000	
Granted during the year				
- expiring 30 June 2014	-	-	1,000,000	40 cents
- expiring 30 June 2016	-	-	4,000,000	60 cents
- expiring 30 June 2015	1,000,000	40 cents	-	-
Forfeited during the year	-	-	-	-
Expired during the year	(1,000,000)	40 cents	-	-
Exercised during the year	-	-	-	-
Outstanding at end of financial year	9,350,000		9,350,000	

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Grant Date	No of Options	Grant Date Fair Value	Exercise Price	Expiry Date	Vesting Date
9 August 2011	4,000,000	\$0.405	\$0.60	30 May 2016	9 August 2011
2 September 2011	350,000	\$0.425	\$0.40	30 June 2015	2 September 2011
12 December 2012	4,000,000	\$0.175	\$0.60	30 June 2016	12 December 2012
31 January 2014	1,000,000	\$0.10	\$0.40	30 June 2015	31 January 2014

The total number of options exercisable at year end was 9,350,000.

No options were exercised during the year.

d) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the Employee Share Option Plan is estimated as at the date of the grant using a Binomial Model Pricing Model taking into account the terms and conditions upon which the options were granted.

	31 January 2013
Dividend yield (%)	0
Expected volatility (%)	88
Risk free interest rate (%)	2.54
Expected life of options (yrs)	1.4
Option exercise price (\$)	0.40
Weighted average share price at measurement date (\$)	0.10

Great Western Exploration Limited**Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)****22 PARENT INFORMATION**

	2014 \$	2013 \$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	335,469	909,507
Non-current assets	5,675,147	5,246,519
TOTAL ASSETS	6,010,616	6,156,026
LIABILITIES		
Current liabilities	257,329	243,201
Non-current liabilities	-	-
TOTAL LIABILITIES	257,329	243,201
EQUITY		
Issued capital	18,441,819	14,190,666
Reserves	1,784,858	1,823,325
Accumulated losses	(14,473,390)	(10,101,166)
TOTAL EQUITY	5,753,287	5,912,825
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss	(4,420,225)	(2,475,011)
Total comprehensive income	(4,420,225)	(2,475,011)

Guarantees

Great Western Exploration Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

At 30 June 2014, there were no contingent liabilities in relation to the subsidiaries.

Contractual commitments

At 30 June 2014, Great Western Exploration Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

23. CONTROLLED ENTITIES

Interests are held in the following:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2014 %	2013 %	2014 \$	2013 \$
GTE Holdings Pte Ltd	Investment	Singapore	Ordinary	100	100	1	1
GTE KZ LLP	Mineral Exploration	Kazakhstan	Ordinary	100	100	1	1

24. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

	2014 \$	2013 \$
--	------------	------------

a) Exploration Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Mines & Petroleum.

Within one year

1,542,325	1,301,500
-----------	-----------

b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

• not later than 12 months	32,605	78,606
• between 12 months and 5 years	-	-
• greater than 5 years	-	-

The property lease is a non-cancellable lease with a one-year term, with rent payable monthly in advance.

c) Joint Venture

Expenditure commitments arising from interest in joint venture

• not later than 12 months	-	2,500,000
• between 12 months and 5 years	-	-
• greater than 5 years	-	-

CONTINGENCIES

There were no contingencies at the end of the financial year.

Great Western Exploration Limited

Notes To The Consolidated Financial Statements For The Year Ended 30 June 2014 (Continued)

25. EVENTS AFTER BALANCE DATE

There are no events subsequent to the end of the financial year that would have a material effect on these financial statements other than:

- In July 2014, the completion of the 1:5 rights issue announced in May 2014, with the placement of 9,526,303 ordinary fully paid shares, at \$0.03 each to raise approx. \$285,789 after issue costs.

26. AUDITORS REMUNERATION

	2014 \$	2013 \$
The Auditor of Great Western Exploration Limited is Bentleys		
Amounts received or due and receivable for		
• an audit or review of the financial report of the Group	28,500	33,500
• other services in relation to the Group – other services		-
	<u>28,500</u>	<u>33,500</u>

Great Western Exploration Limited

Directors' Declaration

In accordance with a resolution of the directors of Great Western Exploration Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 38 to 73, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Group;
2. in the Directors' opinion, subject to the matters mentioned in Note 1(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by s 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

Dated this 30th day of September 2014



J A Lockett
Managing Director

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(WA) Pty Ltd**

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Great Western Exploration Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

DATED at PERTH this 30th day of September 2014

Independent Auditor's Report

To the Members of Great Western Exploration Limited

We have audited the accompanying financial report of Great Western Exploration Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independent Auditor's Report

To the Members of Great Western Exploration Limited (*Continued*)



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

- a. The financial report of Great Western Exploration Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of \$4,427,594 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Great Western Exploration Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 30th day of September 2014

Great Western Exploration Limited

ADDITIONAL INFORMATION

1. SHAREHOLDER INFORMATION

1.1 VOTING RIGHTS

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

1.2 SUBSTANTIAL SHAREHOLDERS AS AT 23 September 2014

<u>Shareholder</u>	<u>No of Shares</u>
Holdrey Pty Ltd ATF The Don Mathieson Family Trust	8,266,830

1.3 DISTRIBUTION OF HOLDERS AS AT 23 September 2014

	Fully Paid Ordinary Shares
Number of Holders	<u>1,418</u>
Distribution is:	
1 – 1000	224
1001 – 5,000	185
5001 – 10,000	169
10,001 – 100,000	617
10,0001 – and over	<u>223</u>
	<u>1,418</u>
Holding less than a marketable parcel	<u>616</u>

Great Western Exploration Limited

ADDITIONAL INFORMATION

1.4 TOP TWENTY HOLDERS:

(a) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders as at 23 September 2014 are as follows:

	Name	%	No. of Shares
1	Holdrey Pty Ltd	5.25	8,266,830
2	The Lockett Family Trust	4.97	7,838,333
3	BAM NR 1 Pty Ltd	3.86	6,077,724
4	Frank Cannavo Investments Pty Ltd	3.57	5,618,793
5	UOB Kay Hian Private Limited (Clients A/C)	3.35	5,275,000
6	Soria Nominees Pty Ltd	2.54	4,000,000
7	Mrs J E Somes & Ms A J Somes (Jane Somes Pension Fund)	2.31	3,643,333
8	A & A Cannavo Nominees Pty Ltd	2.21	3,473,121
9	Hallco No42 Pty Ltd	2.19	3,440,000
10	Sunden Pty Ltd	1.92	3,019,006
11	Rogue Investments Pty Ltd	1.91	3,000,000
12	Minsk Pty Ltd	1.76	2,774,278
13	F & E Cannavo Pty Ltd	1.61	2,535,660
14	Citicorp Nominees Pty Ltd	1.11	1,751,141
15	Sayers Investments (ACT) Pty Ltd	0.96	1,511,334
16	Mr E J Godfrey	0.95	1,500,000
17	Magaurite Pty Ltd	0.95	1,500,000
18	Amalgamated Dairies Limited	0.89	1,397,337
19	Zell Pty Ltd	0.88	1,383,332
20	Mr N L Blakesley	0.77	1,207,986
		43.96	69,213,208

1.5 UNQUOTED SECURITIES

	Employee Share Option Plan	Options Other
On issue	11,350,000	-
No of holders	7	-

2. SCHEDULE OF MINERAL TENEMENTS

Details of Mineral Tenements are disclosed in the Review of Exploration Activities.