Golden West RESOURCES LIMITED

ABN 54 102 622 051

29 September 2009

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

2009 Annual report

Please find following the Annual report of Golden West Resources Limited for the year ending 30 June 2009.

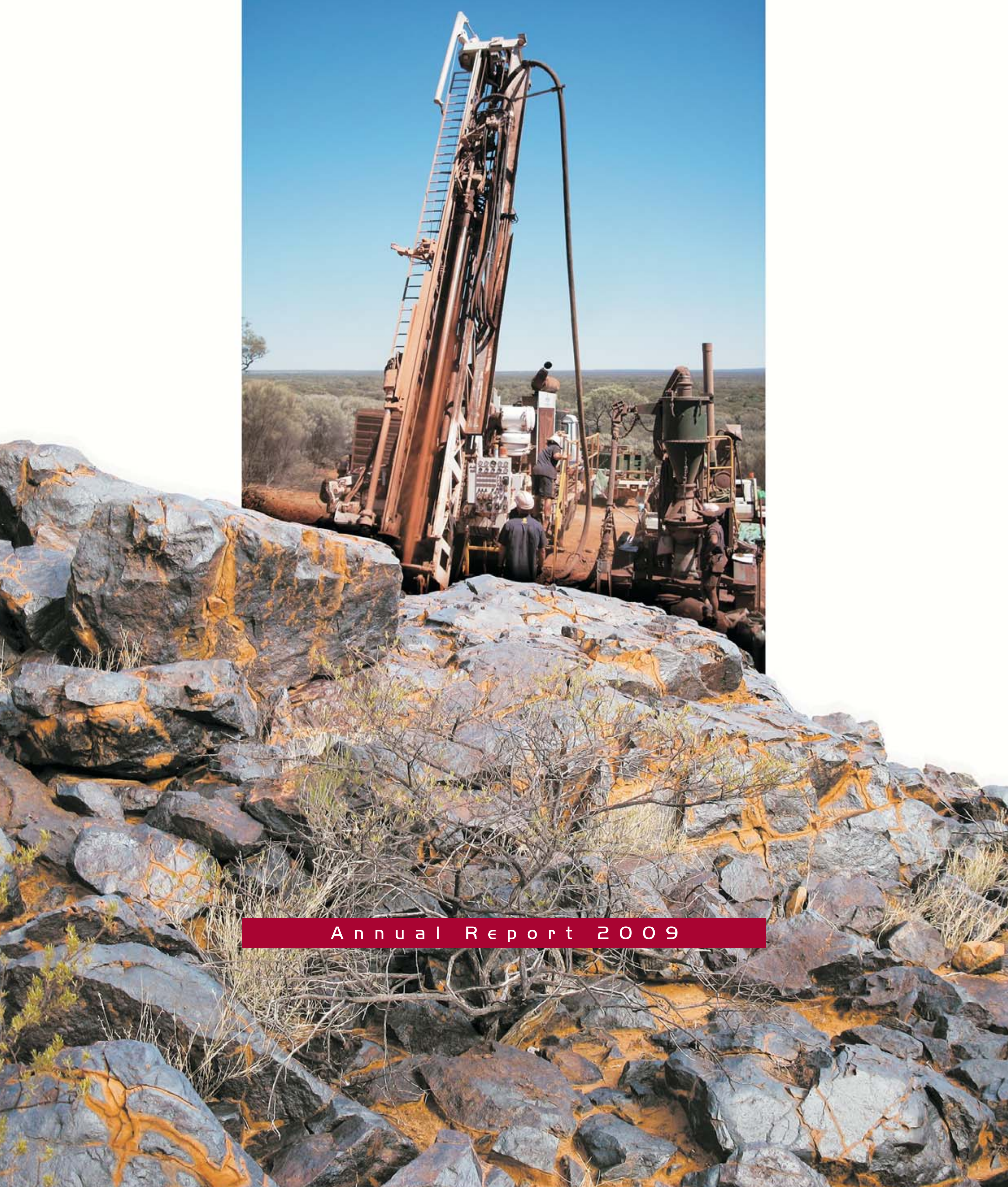
The 2009 Annual report will be available on our website www.goldenwestresources.com following this release under the heading 'Investor'.

Yours sincerely,

ANTHONY BEGOVICH
CFO/Company Secretary

Golden West Resources Limited

ABN 54 102 622 051



Annual Report 2009

Corporate Directory

Board of directors:
M Wilson (Chairman)
J Lester (Managing director)
W Jun (Non-executive director)
J Doutch (Non-executive director)
V Webber (Non-executive director)

Chief financial officer:
A Begovich

Company secretary:
A Begovich

Principal and registered office:
Suite 4
138 Main Street
OSBORNE PARK, WESTERN AUSTRALIA 6017
PO Box 260
OSBORNE PARK, WESTERN AUSTRALIA 6917
Telephone: +61 8 9201 9202
Facsimile: +61 8 9201 9203

Website & E-mail:
www.goldenwestresources.com
admin@goldenwestresources.com

Auditors:
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Level 1, 1 Havelock Street
WEST PERTH, WESTERN AUSTRALIA 6005
Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

Bankers:
National Australia Bank Limited
Suite 7, 51-53 Kewdale Road
WELSHPOOL, WESTERN AUSTRALIA 6106

Share registry:
Link Market Services Limited
Level 12, 680 George Street
SYDNEY, NEW SOUTH WALES 2000
Telephone: +61 2 8280 7111
Facsimile: +61 2 9287 0303

Solicitors:
Lavan Legal
Level 19
1 William Street
PERTH, WESTERN AUSTRALIA 6000
Telephone: +61 8 9288 6000
Facsimile: +61 8 9288 6001

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Chairman's letter

Dear fellow shareholder,

The 2008-09 financial year presented some significant challenges to Golden West Resources, and I am pleased to report that the Company has made it through the worst of the financial downturn and is in a good position to move forwards towards the ultimate development of our flagship Wiluna West iron ore project.

Importantly, 2008-09 has been a time of maturing for the Company, as it makes the transition from a purely exploration company to an emerging iron ore producer. This process includes the concentration of the Company on iron ore and the proposed de-merger of the Company's non-core gold and uranium assets, into a new ASX listed company, via in-specie distribution to Golden West Resources shareholders.

Work at the Wiluna West iron ore project during the year has concentrated on upgrading the Resource from Inferred to Indicated status and obtaining a thorough understanding of the metallurgy and physical characteristics of the ore body so as to enable the Company to define a marketable product. Further exploration drilling has also been conducted in order to replace any loss in the overall resource through this process.

The development of transport infrastructure in the Midwest is vital to the economic future of the project. So the announcement that both the Federal Government and the West Australia State Government were together prepared to contribute some $678 million towards the common user infrastructure of the port at Oakajee is extremely good news. Oakajee Port and Rail ('OPR'), the consortium which won the tender to build the port private infrastructure and northern rail, is continuing to work towards tabling a bankable feasibility study before March 31st 2010. Golden West Resources is working closely with OPR to develop the time frame around which our infrastructure requirements can be met.

In the short term the Board is conscious of the need to get into production as soon as possible. To this end work continues to evaluate the viability of exporting iron ore via Esperance.

The Company is encouraged by the positive attitude Chinese companies and investors are taking towards investment in Australian resource assets despite some setbacks. Golden West has maintained extremely good relations with our Chinese partners Hunan Valin Steel Company Limited.

In conclusion, I would like to take this opportunity thank several important groups. Firstly, I would like to acknowledge and thank the Martu people, the traditional owners of the land on which our Wiluna West projects are located for their continued co-operation and support.

To my fellow directors thank you for all your hard work during this last year.

I would also like to take this opportunity to pay tribute to our past Chairman, Mr Con Markopoulos who retired from the Board in August 2009 for providing steady and steadfast leadership through a very difficult phase in the Company's life.

Finally I would also like to thank our shareholders for remaining loyal to the Company during a period of great uncertainty and instability in the global financial environment.

Regards

Michael Wilson
Executive chairman


GoldenWest
RESOURCES LIMITED
Project Locations
WESTERN AUSTRALIA
N
0
300km
Kununurra
BROOME
PT. HEDLAND
Dampier
Karratha
Marble Bar
Tom Price
Paraburdoo
Newman
GOLDEN WEST RESOURCES
WILUNA WEST IRON PROJECT
PROPOSED RAILWAY
WILUNA WEST - to proposed OAKAJEE PORT
Jack Hills
Meekatharra
WILUNA
Weld Range
Kalbarri
Mt Magnet
Laverton
EXISTING RAILWAY
LEONORA-KALGOORLIE-ESPERANCE
Leonora
Oakajee (Proposed Port)
GERALDTON
Port of Geraldton
Menzies
KALGOORLIE-BOULDER
Coolgardie
Kambalda
Eucla
Merredin
Northam
PERTH
Norseman
Bunbury
ESPERANCE
Port of Esperance
ALBANY

Managing director's review

During the past year Golden West Resources ('GWR') has made great progress in the development of its iron ore project at Wiluna West.

Resource

A major resource upgrade was achieved taking the inferred resource at the Company's flagship iron ore project to 126 million tons at 59% Fe representing a 46% increase over the September 2007 figure.

Work has continued to upgrade the quality of the resource from inferred to indicated and in hole testing and diamond drilling have given a far greater understanding of the resource's physical properties. We now believe that the lump/fines ratio is 50%/50% rather than the 30%/70% we believed initially and a significant proportion of the fines can be beneficiated to reduce silica and aluminium making the final product more saleable.

Off-take agreements

The Company signed off-take agreements with Hunan Valin Steel Company Limited and Yijian Investments Limited in August 2008 for 5 million tonnes of ore a year for 15 years. This arrangement, with a major Chinese steel mill provides certainty of market for the Company's ore.

Placement

GWR placed 16 million shares at $1.85 a share with Hunan Valin Steel Company and with Yijian Investments to raise $29.6 million.

Scoping Study and Pre-feasibility Study

The Company appointed Engenium to complete a scoping study and pre-feasibility study. The scoping study has been completed and the pre-feasibility study is close to completion.

Infrastructure

Oakajee Port and Rail ('OPR') was appointed as the party to build a port at Oakajee and subsequent to signing a development agreement with the WA government was granted the rights to construct a railway to Weld Range. Both the state and federal governments have announced that they will contribute upwards of $780 million to cover the costs of the common user infrastructure at the Oakajee port. This gives a considerable degree of certainty that the port of Oakajee and the railway system serving the Mid West will be built.

Board changes

A number of changes to the Company's Board took place during the year.

Hunan Valin accepted the Company's invitation to take a Board seat and nominated as their representative Mr Wang Jun to join the Company's Board. Mr Alan Rudd a foundation director of the Company retired.

Since the end of the financial year Mr John Doutch and Mr Vaughan Webber joined the Board replacing Mr Rudd and Mr Con Markopoulos who is still involved with the Company on a consultancy basis.

In addition to the above changes to the Board I have been appointed Managing director and Mr Michael Wilson has been appointed Chairman.

New offices

In June 2009 the Company moved its corporate office to 138 Main Street, Osborne Park, Western Australia and consequently changed its principal place of business and registered office to this new address.

Strategic advisors

On 27 February 2009 the Company announced the appointment of KPMG as its Corporate Advisor to undertake, among other things, a strategic review of the Company's business.

The Board is in the process of reviewing a number of the recommendations made by KPMG and is currently formulating a detailed business plan for the next 12 months in conjunction with the Company's annual budget process. One of the recommendations was the demerger of the company's gold and uranium interests into an independent listed company.

Demerger

As part of the process arising out of the KPMG strategic review the Board has resolved to investigate the opportunity for the demerger of the Company's non-iron assets by way of a pro-rata in-specie distribution of shares, in a new company. It is proposed that the new company would issue a Prospectus and apply for listing on the ASX. This action will be subject to shareholder approval. It is anticipated that in addition to receiving shares in the new company pursuant to the in-specie distribution, it is likely proposed that existing shareholders in the Company will also receive a priority entitlement to subscribe for additional shares pursuant to the Prospectus.

The Company's non-iron assets include an Inferred gold Resource estimate of 87,000 ounces on the Company's Wiluna West tenements. As part of this opportunity the Company is also actively investigating other targets in the gold sector with the possibility that the new company may be in a position to add additional assets at the time of the listing.

The rationale for the demerger is to enable shareholders in the Company to have an interest in two companies, one which will continue to pursue the development of the Wiluna West iron ore project and the other which will operate as a stand-alone entity focused on developing the Company's non-iron assets.

The Board recognises the fact that a significant number of the Company's foundation shareholders retain shares in the Company which they acquired at the time of original listing when the Company's activities were focused on gold exploration, but that given the subsequent discovery and development of the Wiluna West iron ore project, it is apparent that the Company's share price does not recognise the intrinsic value of the Company's non-iron assets.

Summary and Outlook

GWR's Wiluna West project is now one of the largest direct shipping iron ore hematite projects in the Mid West.

Infrastructure development is the key to exploiting this resource and the proposed port at Oakajee will be the closest port to Wiluna West and so the building of that port and the rail link to Weld Range is essential for the successful development of the project.

We are working with OPR to complete their feasibility study by the end of March 2010 so that the approval process and then construction can be commenced.

The Board continues to investigate the economic viability of exporting a limited tonnage of iron ore via the Port of Esperance as a stand alone project and in cooperation with other iron ore producers.

The Company is seeking to expand its resource base both at Wiluna West where we will continue our drilling program and on other tenements where we can farm in to prospective iron ore provinces close to our projected infrastructure.

We look forward to the coming year with great confidence in the future prosperity of the company.

I should like to take this opportunity to thank our loyal staff for their efforts over the past year, they are very much appreciated.

Regards

John Lester
Managing director

Operations review

Iron ore

Background

The Group's main project is the Wiluna West iron ore project which is located 35km southwest of the township of Wiluna in the north-eastern Goldfields of Western Australia, and 630km north east of the port of Geraldton.

The Wiluna region is well known for large deposits of nickel, gold, lead, uranium and now iron. The Project is 440km^2 in area and 45km long and covers almost the entire Joyners Find Greenstone Belt.

Wiluna West iron ore project

The project tenements contain three major mineralised units, which are described as Units A, B, and C. Some of the mineralised units are interpreted from magnetic survey data to extend the entire 45km length of the tenements. To date, exploration has concentrated on the northern, more exposed sections of Units B and C.

Exploration

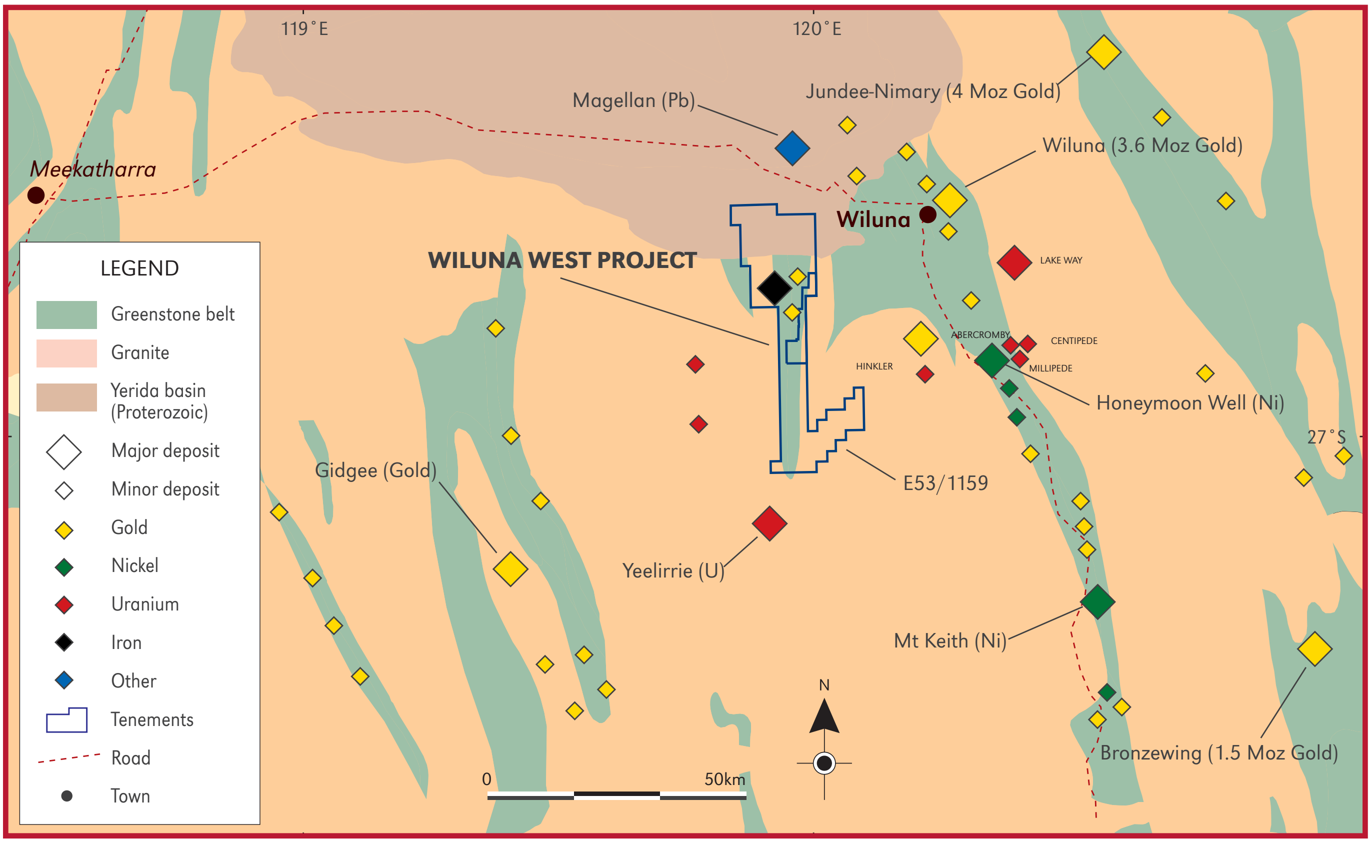
During the 2008-09 the Company continued with an aggressive exploration and project evaluation program aimed at establishing sufficient high grade Resources to underpin a 10 million tonne per annum mining operation. Table 1 provides a summary of the exploration drilling activity at Wiluna West during the year.

This drilling has been assessed and is currently being incorporated into a new Resource update which is expected to be finalised and announced later this year.

Table 1 - Exploration Drilling at Wiluna West in 2008-09

Quarter	Number of Holes	Metres Drilled
Ending 30 September 2008	245	21,477m
Ending 31 December 2008	126	12,434m
Ending 31 March 2009	111	11,932m
Ending 30 June 2009	170	16,469m
Total	652	62,312m

Figure 1 - Regional Geology



Resources

At the end of October 2008 the Company announced a new Inferred mineral Resource estimate at Wiluna West of 126 million tonnes at 59% Fe representing a 46% increase in the previous Resource announcement in September 2007. The current Resource estimate is summarised in Table 2.

The Wiluna West iron ore deposit now ranks as the second largest hematite Resource in Western Australia's emerging Mid-West iron ore province.

Independent geological consultants are currently working on a new Resource update for the Wiluna West project. This modelling includes upgrading the Resources from Inferred to Indicated and to Measured status where applicable.

The Resource modelling has largely been completed at Bowerbird, with modelling commenced at C3 and C4. The Company believes it is appropriate to wait until the update of the main deposits is completed before making further Resource announcements. It is anticipated that the update will be completed in the last quarter of 2009.

Exploration drilling March 2009

Table: 2 - Wiluna West iron ore project Inferred hematite mineral Resource (30 October 2008 at a 50% Fe cut-off)

Deposit	Tonnes (Mt)	Fe (%)	P (%)	Al2O3 (%)	SiO2 (%)	LOI (%)
Bowerbird North	3.9	59.6	0.04	3.8	6.6	2.6
Bowerbird Central	11.8	58.5	0.06	3.5	9.3	2.7
Bowerbird South	8.4	56.6	0.04	3.7	11.6	3.1
Joyners Find	4.6	64.9	0.02	1.9	2.8	2.0
Jindalee Joyners North	6.9	59.9	0.04	2.6	7.4	2.3
Jindalee Joyners	2.3	62.2	0.02	2.9	5.4	1.9
C1	4.2	58.5	0.09	3.3	7.2	5.2
C2	3.4	60.1	0.03	2.1	6.0	6.0
C3	41.0	57.6	0.08	2.5	9.9	5.0
C4	28.9	58.9	0.04	2.2	10.8	2.5
C5	4.4	59.1	0.12	2.1	8.9	3.8
CR	4.0	60.6	0.03	1.4	9.3	1.7
South 2	2.2	56.2	0.08	2.0	9.1	7.8
TOTAL	126.0	58.7	0.06	2.6	9.3	3.6

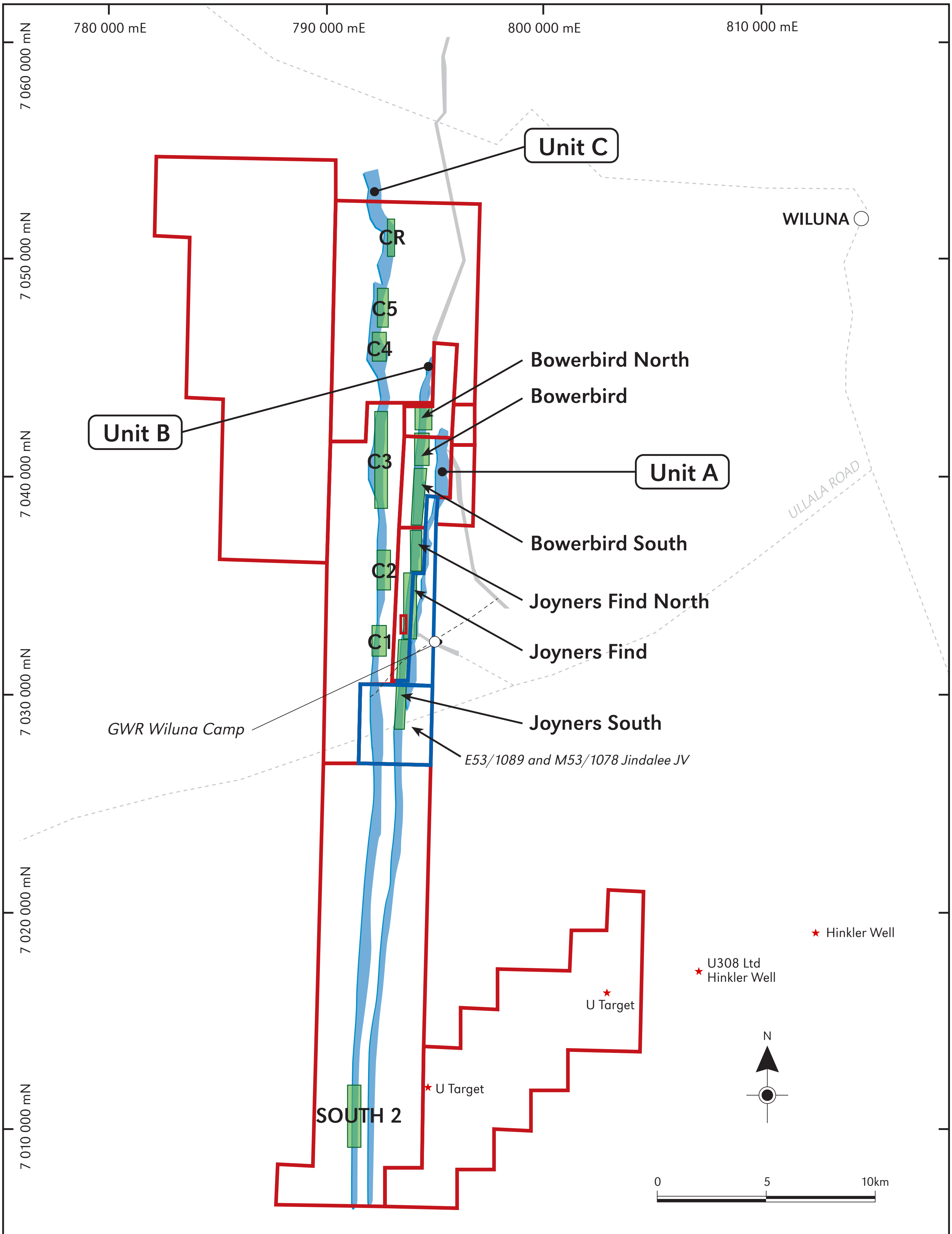


Figure 2 - Project Site Map

Metallurgical studies

Metallurgical test-work on diamond drill holes was conducted during the first half of 2009. The results of this work will be used to determine product quality.

Lump/Fines

Preliminary review of the results of the drop-tower testing from the PQ coring program has produced favourable results indicating that the lump/fine ratio is approximately 50:50. This has important financial implications as lump ore that is greater than 6mm in size attracts a premium price.

Beneficiation

Preliminary test-work on some of the low quality (high-silica, high-alumina) fines from the Bowerbird, C3 and C4 deposits has indicated that the fines can be upgraded by a simple dry screening process. The best results were achieved on the Bowerbird deposit were reductions in both silica and alumina of 65-66% were possible. Lower levels of separation have been achieved from the C3 and C4 deposits. Test-work on possible beneficiation is on-going.

Marketing

In August 2008 the Company announced that it had entered into off-take agreements with the Hunan Valin Steel Company Limited ('Hunan Valin'), of China and the Yijian Investment Company Limited of Hong Kong ('Yijian').

In accordance with the off-take agreement with Hunan Valin the Company has contracted to supply with up to 4.5 million tonnes of direct shipping iron ore annually for a period of 15 years.

Signing of Agreement with Hunan Valin

Prior to the commencement of shipping from the proposed Oakajee Port, the price for each shipment will be determined by both parties. The price shall in no event be higher than 80% of the prevailing spot price or lower than 110% of the applicable, lowest published benchmark (FOB) price as agreed between the major Australian iron ore producers (BHP Billiton and/or Rio Tinto) and the major Asian steel mills for high grade hematite iron ore produced in the Pilbara.

Upon completion of the Port of Oakajee, the price will be set according to lowest published benchmark (FOB) price as agreed between the major Australian iron ore producers (BHP Billiton and/or Rio Tinto) and the major Asian steel mills for high grade hematite iron ore produced in the Pilbara.

In accordance with the off-take agreement with Yijian the Company has contracted to supply up to 500,000 tonnes of direct shipping iron ore annually for a period of 15 years on substantiality the same terms as the agreement entered into with Hunan Valin.

Marketing consultants appointed by the Company are of the opinion that our iron ore product could be marketed as very clean ore due to the low amount of impurities such as phosphorus, sulphur, manganese oxide, calcium oxide, magnesium oxide, and titanium dioxide it contains. This would give it an advantage for steel makers that have restrictions on air emissions.

Mining Studies

The Company's consultants have completed a preliminary pit optimisation study, utilising Whittle software, on the current 126 million tonnes Inferred Resource. The results of the preliminary study are still being evaluated.

The study indicates that the optimised pit shells include almost 90% of the identified Resources at greater than 55% Fe.

Infrastructure

Rail and port infrastructure is essential in transporting high volumes of direct shipping iron ore from Wiluna West to our overseas customers. This is a medium term plan, dependent on completion of the Port of Oakajee and rail links to Weld Range.

The announcement by the Federal Government of a $339 million commitment to the common user infrastructure at the new Oakajee Port is extremely encouraging. This, together with the commitment from the State Government to provide a similar amount, provides a high degree of certainty that the Oakajee Port will be constructed. This will be the closest and most economic sea port to Wiluna West.

The Development Agreement between the State Government and Oakajee Port and Rail means that work on a rail link between Oakajee and Weld Range is likely to commence shortly. Golden West is examining infrastructure possibilities between Wiluna West and Weld Range and is considering the merits of a narrow gauge rail solution or a dedicated haul road. The Company continues to discuss the economics of a rail link from Weld Range to Wiluna West, and possible freight arrangements, with Oakajee Port and Rail.

These developments have greatly increased the prospects for a complete infrastructure solution for the Company's Wiluna West iron ore project.

Progressive Rehabilitation at Wiluna West

Environment

The Company has completed the majority of the environmental studies that will form the basis of our mining proposal. The results available so far indicate that there are no species of fauna likely to inhibit mining approval.

A detailed flora survey was completed during the first half of 2009. This survey will eventually underpin a mining proposal. The survey has studied vegetation communities and species of conservation significance located within the Wiluna West project area. The survey's preliminary findings are positive in that no declared rare flora species have been identified and that, whilst some priority species are present, these populations are also widespread outside of the areas likely to be impacted by mining.

The Company is also undertaking progressive rehabilitation at all drill sites and access tracks on the Wiluna West project area in accordance with its statutory obligations.

Native Title and Aboriginal heritage

An ethnographic survey over those areas at Wiluna West that may be required for infrastructure and waste dumps was completed during 2008-09, with no significant ethnographic sites identified.

Negotiations with the Native Title claimants, the Tarlpa people, are continuing and meetings were held in August 2009 with respect to finalising a mining agreement.

Early mine development

Golden West has commenced infill drilling at Joyners Find to define a high grade iron ore Resource that will underpin a mining operation of approximately one million tonnes per annum for three years.

The Company has applied to the authorities to mine this resource within the next twelve months and intends to sell the ore to other iron ore mining companies at mine gate for blending, or to transport the ore to the Port of Esperance, by road, from the mine to Leonora and then by rail to Esperance.

Pre-feasibility study

As was reported during the year, consultant project managers Engenium have been engaged to prepare a pre-feasibility study for the Wiluna West iron ore project.

Further work is being done to make the study outcomes more comprehensive by incorporating the Resource update, mining studies and metallurgical test-work described above. The finalisation of this report will be concluded when the details and proposed tariff structure of the port and rail to be built by Oakajee Port and Rail are released.

Other iron ore projects

The Company is actively looking for other suitable iron ore projects in the region that will complement the proposed infrastructure development and the Group's existing Resources.

Gold

Background

The Company was listed on the Australian Securities Exchange in December 2004, essentially as a gold explorer, but by mid-2005 had changed its focus to iron ore exploration as a result of the substantial increase in world demand for iron.

The Group however, has retained its gold assets which comprise the Wiluna West and Doherty's gold projects which are described in more detail below.

Due to the increase in the gold price during the year the Company reassessed its gold assets including the best way to exploit these assets and the corporate structure to maximise shareholder benefit.

Former gold workings at the Wiluna West gold project

Wiluna West gold project

The Joyners Find Greenstone Belt is almost entirely contained within the Company's Wiluna West tenements.

This greenstone belt hosts numerous gold workings which were operated on a small scale up until the 1940's. Since then only limited exploration has taken place resulting in an Indicated and Measured Resource of 788,000 tonnes at 3.5 grams per tonne Au for approximately 87,000 ounces.

The resources identified to date are associated with two regional scale shear zones the Joyners and Brilliant shear zones. Similar structures are common hosts for gold mineralisation in Western Australia.

Soil sampling over the northern portions of the tenure has highlighted a 10km by 500m gold in soil anomaly semi co-incident with the Joyners shear zone which supports the possibility that the project hosts a number of untested mineralised structures. The Company is currently undertaking soil sampling in order to better define anomalous zones for follow up drilling.

Doherty's gold project

The Doherty's Project is located in the Barrambie Greenstone Belt, 65km north of the township of Sandstone in the Murchison region of Western Australia. It consists of a single granted mining licence (M57/619) which covers an area of 175ha, and containing an Indicated Mineral Resource of 25,700 tonnes at 23.8 grams per tonne Au for a contained 20,430 ounces of gold.

A small RC drilling program was undertaken during the year yielding significant results. Due to the Company's focus on the Wiluna West iron ore project it executed a Joint Venture Agreement with Classic Minerals Limited.

Under this Agreement Classic must spend $200,000 over three years and pay Golden West Resources $80,000 in order to earn a 90% interest in the project.

Uranium

Background

Golden West Resources holds exploration licence E53/1159 which is located in the south east of the Wiluna West project area.

The region is highly prospective for calcrete style uranium deposits, and our tenement is upstream from the well-known Dawson Well, Hinkler Well, Centipede and Lake Way uranium deposits.

Wiluna West

BHP Billiton's Yeelirrie deposit is located 16km south of the Wiluna West project and U3O8 Limited has announced an Inferred Resource of 10 million pounds of U_3O_8 at its Hinkler Well project, immediately to the west and along strike of E53/1159.

A buried palaeochannel that strikes north-east/south-west through E53/1159 presents as an attractive calcrete-hosted uranium target.

Exploration activity during the year included a gravity survey to assist with the definition of the palaeochannel, and was completed on 15 lines, 1km apart, with stations at 25m centres with a further seven infill lines.

The Company also drilled a total of 43 vertical holes for an aggregate of 1,237m completed during the year, testing for potential extensions to the Hinkler-Dawson Well deposit under cover.

The drilling resulted in two anomalous intercepts and suggested that the palaeochannel may trend sharply to the south. The drilling results are summarised in Table 3.

Table 3– Anomalous uranium intercepts on E53/1159

Hole	East[1]	North[1]	From (m)	To (m)	Intercept (m)	U_3O_8 (PPM)[2]
WWRC9042	207600	7017000	13	16	3	134
WWRC9043	207600	7016900	15	18	3	245

1 MGA94 Zone 51
2 Assays based on 1m split sample analysed by XRF at Genalysis Laboratories, Perth

Environment

Golden West Resources is committed to a high level environmental sustainability, recognising our obligations to practice good environmental stewardship of the tenements on which we operate.

The Company’s underlying goals relating to environmental sustainability are to minimise any adverse impacts upon the environment resulting from the Company's activities and to offset, as much as is practicable, any deleterious impacts so that the company is able to demonstrate a net environmental benefit from its activities.

Our activities at Wiluna West are conducted in a manner that minimises our environmental footprint and are conducted diligently in accordance with all necessary permits and approvals from our regulators.

Rehabilitated Area

Rehabilitated Area

We are currently undertaking progressive rehabilitation of access tracks and drill pads used during recent exploration activities. This involves removing all evidence of our presence and undertaking earthworks to allow adjacent native vegetation to regrow.

The Company undertook a range of environmental surveys and studies during the year, and has endeavoured to involve local Aboriginal people wherever possible. For example, local Aboriginal women participated in surveying for Mulgaras (a species of small marsupials) during the year.

The knowledge of flora and fauna held by local Aboriginal people is impressive, and their involvement is of great assistance to our consultants.

Mulgara survey (picture: Tara Read, Recon Environmental)

Community

Golden West Resources acknowledges the Martu people as the Traditional Owners of the land at Wiluna West on which we operate, and we recognise that the Martu have the right to derive social and economic benefits from our activities on their land.

We are committed to building and maintaining good working relationships with the Martu people, and to work with them to identify (and create) opportunities to maximise Martu employment and training opportunities.

Indigenous Employment

As at 30 June 2009 Golden West Resources had 11 Aboriginal employees, 10 of whom are local Martu or Yamatji people and comprise 50% of the field employees at the Wiluna West Project.

GWR indigenous employees assisting with rehabilitation activities

GWR Indigenous Employees assisting with drilling activities

Community Projects

We are also committed to assisting with the strengthening of the community of Wiluna through investment in appropriate "social" infrastructure.

During the last 12 months we have increasingly engaged the community with support and participation in a number of local and regional initiatives including:

- participation in the local sporting community
- sponsorship and the organising of the Wiluna Junior Football Club trip to Perth
- presentation and participation in the Regional Partnership Agreement
- sponsorship of food for lunches at the Wiluna Community School
- contribution to the local Medical Centre, and
- supporting local artists

We also have a strong awareness of the cultural aspect of our surrounding Aboriginal Communities. We employ a Community Liaison Officer from the community to ensure that all heritage and cultural issues are dealt with in accordance with Aboriginal Culture.

Golden West Resources is committed to providing the appropriate training and support for its employees. We are also in constant contact with TAFE and other educational providers to ensure that our employees are properly trained and skilled.

Wiluna Martu Eagles Junior Football Team

Wiluna Martu Eagles, Playing Dalkeith Nedlands Junior Football Club, in Perth August 2009

Directors' report

Your Directors submit their report on the consolidated entity consisting of Golden West Resources Limited ('the Company' or the 'Parent') and of the Group, being the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Names qualifications, experience and special responsibilities

Michael Reginald Wilson, B.App.Sc – Executive chairman & Exploration Manager, appointed 18 November 2002

Mr Wilson is an exploration geologist with more than 20 years experience within Australia and South East Asia. He was actively involved in the discovery of the Bullabulling gold deposits in Western Australia and the development of the Longos gold deposit in the Philippines.

Present directorships: Nil

Previous directorships (last 3 years): Nil

John Hugh Lester – Managing director, appointed 4 March 2008

Mr Lester has extensive international experience as a stockbroker and corporate adviser. Mr Lester graduated from Oxford University with an honours degree in Natural Science before joining Joseph Sebag and Company Stockbrokers in London. His time there included a period on secondment to the investment team at Consolidated Goldfields Limited. He was manager of Sebag's Perth and Melbourne offices. Mr Lester then joined Jardine Fleming and Company as chief securities dealer and was made a member of the main board. He later joined Peter Hains and Company Stockbrokers in Sydney and Pembroke Securities Limited as head of Corporate Finance.

More recently, Mr Lester spent a number of years in Indonesia where he advised mining companies on capital raisings and their relations with stock market investors. He later set up and owned a number of companies specializing in the provision of services to the mining and oil industries in Indonesia. Since returning to Australia he has acted as a consultant, providing corporate and financial services to a number of mining companies.

Present directorships: Nil

Previous directorships (last 3 years): Nil

Wang Jun – Non executive director, appointed 28 November 2008

Mr Wang was previously Chief of Sales Department, Chief of Finance Department, Deputy Director of the Reform Office at Hengyang Steel Tube Mill and Assistant Manager, Deputy Manager & Manager of Securities Department at Hunan Valin Steel Company Limited, and currently is a Director, Vice President & Board Secretary of Hunan Valin Steel Company, Limited.

Mr Wang was born in Hunan Province of China in April 1970. He is Senior Economist with a Master's Degree, and he is experienced in Capital markets.

Present directorships: Nil

Previous directorships (last 3 years): Nil

John Wallace Doutch – Non executive director, appointed 23 July 2009

Mr Doutch has been involved in many facets of mining operations over the past 30 years. Mr Doutch has experience with various mining techniques, milling and treatment operations across a range of ore types. More recently Mr Doutch has spent the last 10 years involved in the corporate sector, acquiring tenements for publicly listed companies.

Mr Doutch has strong relationships with important mining stakeholders, principally indigenous groups and local and State government representatives. Mr Doutch was one of the founding members of Golden West Resources.

Present directorships: Nil

Previous directorships (last 3 years): Nil

Vaughan Webber – Non executive director, appointed 23 July 2009

Mr Webber is an experienced finance professional with a background in chartered accounting at a major international accountancy firm and more recently in corporate finance servicing the Australian capital markets.

Mr Webber's specialty is the equity capital markets for small to mid capitalised listed companies and for the previous 6 years ran the Melbourne Corporate Finance department for a large stockbroker. In this role Mr Webber managed many Initial Public Offerings on the ASX, raised significant equity capital for listed companies and advised numerous listed companies across many sectors on strategic and corporate matters.

Present directorships: Wentworth Holdings Limited

Previous directorships (last 3 years): Nil

Former directors

Mr Constantino Markopoulos - Executive chairman until 14 August 2009.

Mr Alan Paul Rudd – Non executive director until retirement on 18 June 2009.

Mr John Wallace Doutch - Alternate director for Mr Michael Wilson on 22 January 2009 until 30 June 2009.

Mr Marin Lawrence Bennett - Non executive director on 29 August 2008 until 29 August 2008.

Mr David Sanders - Non executive director on 28 November 2008 until 28 November 2008.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Ordinary shares	Options (listed)	Options (unlisted)
M Wilson	2,209,438	1,500,000	1,500,000
J Lester	-	500,000	500,000
W Jun	-	-	-
J Doutch	807,749	2,159,700	1,500,000
V Webber	-	-	-

Company secretary

Anthony Begovich (appointed 14 May 2009) BBus, CA

Mr Begovich has over five years experience working as a Company Secretary for Australian listed companies.

David Sanders (resigned on 14 May 2009)

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2009.

Principal activities

The principal activity of the Group during the year was exploration and evaluation of its mining projects in Australia.

Operating and financial review

Group overview

Golden West Resources Limited was formed on 18 November 2002 and listed on the Australian Securities Exchange on 24 December 2004.

Iron ore

The Company's principal asset is the Wiluna West Iron ore project comprising of 440km^2 of tenements at Wiluna West, 30km south of Wiluna, covering a 45km strike of the Joyners Find Greenstone Belt. The Company has a 100% interest in the Wiluna West tenements except for the Joyner Find North deposit which is 80% owned.

During the year the Company continued with an aggressive exploration and evaluation program aimed at establishing sufficient high grade Resources to underpin a 10 million tonne per annum mining operation.

In October 2008, the Company announced a major resource upgrade of 46% from that reported in September 2007 taking the current total Inferred Resource to 126 million tonnes at 59% Fe (based on a cut-off of 50% Fe).

During the year the Company's geological consultants worked on a Resource update at the Wiluna West iron ore project. This modelling includes upgrading the Resources from Inferred to Indicated and Measured status where applicable. Modelling of mineralisation identified subsequent to the last Resource announcement (which occurred in August 2008) is also being incorporated into the new Resource update.

Resource modelling has largely been completed at Bowerbird, with modelling commenced at C3 and C4. The Company believes it is appropriate to wait until the update of the main deposits is completed before making further Resource announcements. It is anticipated that the update will be completed within the second half of 2009.

As was reported in January 2009, Engenium has been engaged to prepare a Pre-Feasibility Study (PFS) for the Wiluna West iron ore project. Further work is being done to make the study outcomes more comprehensive. The resource update, mining studies and metallurgical test-work described earlier in this annual report are being incorporated into the Pre-Feasibility Study.

Gold

The Company's gold assets consist of the Wiluna West and Doherty's Gold projects.

The Wiluna West Gold project refers to the gold located on the Wiluna West tenements. There was no significant activity occurred on the project during the year as the primary focus of the Company was its iron ore project.

The Wiluna West Gold project has a current Indicated Resource of 788,000 tonnes at 3.5 grams per tonne for approximately 87,000 ounces of gold.

The Doherty's Gold project is located in the Barrambie Greenstone Belt, 65km north of the township of Sandstone in the Murchison region of Western Australia. The Company has tenure over an area of 175 hectares. A small RC drilling program was undertaken during the year yielding significant results.

The project has a current Indicated Resource of 25,700 tonnes @ 23.8 gram per tonne for a contained 20,430 ounces of gold.

The Doherty's project is not considered a core asset and in March 2009 the Company executed a Joint Venture Agreement with Classic Minerals Limited regarding the project. Under this Agreement, Classic must spend $200,000 over three years and pay the Company $80,000 in order to earn a 90% interest in the project.

Uranium

The Company's Wiluna West Uranium project has tenure over an area located in the south east of the Wiluna West tenements which is highly prospective for calcrete style uranium deposits, and our tenement is upstream from the known Dawson Well, Hinkler Well, Centipede and Lake Way uranium deposits.

BHP Billiton's Yeelirrie deposit is located 16km south of the Wiluna West Project and U3O8 Limited has announced an Inferred Resource of 10 million pounds of U_3O_8 at its Hinkler Well project, immediately to the west and along strike of E53/1159. A buried palaeochannel that strikes north-east/south-west through E53/1159 presents an attractive calcrete-hosted uranium target.

During the year the Company conducted a gravity survey and some drilling to assist with the definition of the palaeochannel. Two anomalous intercepts were obtained that suggest that the channel may trend sharply to the south.

Corporate

In August 2008 the Company announced that it had completed a $28 million (net) capital raising via the placement of 16 million shares at $1.85 each to Hunan Valin Steel Company Limited ('Hunan Valin') and Yijian Investments Co. Limited ('Yijian'). The funds raised were primarily used to advance its Wiluna West iron ore project.

At the same time the Company also announced that it had entered into off-take agreements with Hunan Valin and Yijian for a combined five million tonnes of direct shipping iron ore for a period of 15 years. The price of the shipments is to be determined by both parties but will be in line with the lowest published benchmark price.

On 30 September 2008, the Company entered into a Share Subscription Agreement ('the Agreement') with Yilgarn Infrastructure Limited ('Yilgarn').

The main terms of the agreement were as follows:

- The Company issued Yilgarn with 6,720,000 shares at a price of $1.75 per share amounting to $11,760,000
- Yilgarn issued the Company with 33,600,000 shares at a price of $0.35 per share amounting to $11,760,000.

As a result of the above agreement, the Company holds a 19.9% interest in Yilgarn. The investment has been classified as available-for-sale.

During the period the Company strengthened its governance and management team by appointing Mr Vaughan Webber as a Non executive director and Anthony Begovich as Chief financial officer and Company secretary.

Operating results for the year

The consolidated loss for the year after income tax was $18,350,419 (2008: loss of $9,833,132).

The result includes non-cash costs of $13,458,752 (2008: $3,791,550) relating to the write-down of the Company's investment in Yilgarn Investment Limited of $11,760,000 (2008: nil) and options awarded to directors and staff of $1,486.650 (2008: $3,791,550) and write off of plant and equipment $212,102 (2008: Nil).

After excluding the abovementioned non cash costs the result for the year was $4,891,667 (2008: $6,041,582) an improvement of 19% on a like for like basis from the prior year.

Share holders returns

	2009	2008	2007	2006	2005
Net profit/(loss) ($000)	(18,350)	(9,833)	(20,847)	(2,271)	(542)
Basic EPS (cents)	(13.5)	(10.7)	(34.3)	(4.8)	(1.8)
Return on assets (%)	(22.2)	(19.4)	(104.3)	(43.8)	(12.1)
Return on equity (%)	(22.6)	(20.0)	(109.8)	(45.9)	(12.9)
Net debt/equity ratio (%)	(23.6)	(23.6)	(34.8)	(28.3)	(19.4)

Review of financial condition

Liquidity and capital resources

The group's principal source of liquidity as at 30 June 2009 is cash and cash equivalents of $20,382,799 (2008: $12,756,666) of which $19,427,922 has been placed on short term deposit.

The principal sources of cash during the year were net proceeds of $28,053,248 from shares issued during the year.

Asset and capital structure

	2009 $'000	2008 $'000
Debts:		
Trade and other payables	1,154	1,090
Interest bearing liabilities	54	54
Cash and short term deposits	(20,383)	(12,757)
Net debt/(cash)	(19,175)	(11,613)
Total equity	81,156	49,256
Total capital employed	61,981	37,643
Gearing	(30.9)%	(30.8)%

The Group has minimal debt as its activities are financed via share placements whenever possible. As a result the Group has no formal gearing limit.

Shares issued during the year

In August 2008 the Company announced that it had completed a $28 million (net) capital raising via the placement of 16 million shares at $1.85 each to Hunan Valin Steel Company Limited ('Hunan Valin') and Yijian Investments Co. Limited ('Yijian').

On 30 September 2008, the Company acquired a 19.9% interest in Yilgarn Infrastructure Limited via the issue of 6,720,000 shares at a price of $1.75 per share.

Risk management

The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and objectives identified by the Board.

The main mechanisms used by the Board to ensure that management's objectives and activities are aligned with the risks identified by the Board are as follows:

- Board approval of a strategic plan, designed to meet stakeholders needs and manage business risk; and
- implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

Contributed equity increased to $109,356,721 from $60,593,477 an increase of $48,763,244.

The movement was mainly due to a placement that was completed in August 2008, shares issued to third parties as partial or total consideration for the acquisition of tenements and an investment in Yilgarn Infrastructure Limited.

Significant events after the balance date

Demerger of non-iron assets

The Company announced on 24 July 2009 that as a result of the review conducted by its corporate advisors the Board has resolved to investigate the opportunity for demerger of the Company's non-iron assets by way of a pro-rata in specie distribution of shares in a new company which will own the non-iron assets currently owned by the Company. As part of the process the new company would issue a Prospectus and apply for ASX listing. In addition to receiving shares in the new company pursuant to the in specie distribution, it is proposed that existing shareholders in the Company will receive a priority entitlement to subscribe for additional shares pursuant to the Prospectus.

Board and management changes

In addition the Company also announced on 24 July 2009 the following changes to its Board and management;

- Mr M Wilson was appointed interim Chairman replacing Mr Markopoulos who relinquished his directorship for personal reasons but remains with the Company on a consulting basis;
- Mr Lester was appointed interim Managing director;
- Mr Rudd retired; and
- Mr Doutch and Mr Webber were appointed Non executive directors.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Group's current exploration and development activities have been undertaken under approved Programmes of Work on granted mining tenements in accordance with environmental regulations under both Commonwealth and State legislation.

As stated in the Group's Environmental policy it is committed to environmental sustainability, recognising our obligations to practice good environmental 'stewardship' of the tenements on which we operate. Our activities are conducted in a manner that minimises our environmental 'footprint' as much as possible, and are conducted strictly in accordance with all necessary permits and approvals from regulators.

The Company has employed environmental consultants to ensure it achieves its objectives by monitoring the Group's environmental exposures and compliance with environmental regulations. Results are reported to management and to the Board on a regular basis.

There have been no significant known breaches of the Group's environmental regulations to which it is subject to.

Share options

At the date of this report, there were 28,263,879 unissued shares under option.

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

Indemnification and insurance of directors and officers

The Company has made an agreement indemnifying all the directors and officers against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company to the extent permitted under the Corporations Act 2001.

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is as follows:

	Board meetings		Audit committee meetings	
	Number Eligible to attend	**Number attended**	**Number Eligible to attend**	**Number attended**
C Markopoulos	13	13	3	3
M Wilson	13	9	-	-
A Rudd (ceased 18 June 2009)	13	10	3	2
J Lester	13	13	3	2
W Jun (appointed 28 November 2008)	7	3	-	-
J Doutch (appointed 22 January 2009) *	5	5	-	-

* Mr Doutch was an alternate director for Mr Wilson.

Committee membership

During the year the Company had a separate audit committee. The members of the audit committee were Mr Rudd (Chairman up until 18 June 2009) and Mr Markopoulos. Mr Webber was appointed Chairman at the audit committee on 23 July 2009.

Auditor's independence declaration

The directors received the following declaration from the auditor of the Group which is set out below.

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

29 September 2009

Board of Directors
Golden West Resources Limited
Suite 4, 138 Main Street
Osborne Park, WA 6017

Dear Directors

RE: GOLDEN WEST RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Golden West Resources Limited.

As the Audit Director for the audit of the financial statements of Golden West Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

J P Van Dieren
Director

Non-audit services

Any non audit services provided by the entity's auditor, Stantons International during the year, is shown at note 28. 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*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Remuneration report (audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report the term 'executive' encompasses executive directors and senior executives of the Parent and the Group. Key management personnel is defined as the Non executive directors and the five highest paid executives of the Company and the Group.

Details of key management personnel

Non executive directors

M Bennett	appointed and resigned 29 August 2008
J Doutch[1]	appointed 22 January 2009
Wang Jun	appointed 28 November 2008
J Lester	up until 21 August 2008
A Rudd	resigned 21 June 2009
D Sanders	appointed and resigned 28 November 2008

1 Mr Doutch was appointed as an alternate director for Mr Wilson.

Executive directors

J Lester	appointed 21 August 2008
C Markopoulos	Chairman
M Wilson	

Other executives

A Begovich	Chief financial officer & Company secretary - appointed 23 March 2009
P Leidich	Study manager
D Rose	Chief executive officer - appointed 6 October 2008 and resigned 31 March 2009

Remuneration committee

The Board as a whole is responsible for determining and reviewing remuneration arrangements for the directors and executives at it believes the Company is not of a size to justify having a separate Remuneration Committee.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit by balancing the Company's competing interests of attracting and retaining senior executives and directors and avoiding excessive remuneration.

No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Remuneration philosophy

The performance of the group depends upon the quality of its key personnel. To prosper, the group must attract, motivate and retain high skilled directors and executives. Due to the nature of the Group's business activities the overall level of compensation does not focus on the earnings of the Company.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre personnel;
- link rewards to shareholder value;
- have a significant portion or executive remuneration 'at risk'; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and Non executive director remuneration is separate and distinct.

Non executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non executive directors shall be determined from time to time by a general meeting of shareholders. The latest determination was at the annual general meeting held on 28 November 2008 when shareholders approved an aggregate remuneration of $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants and as well as the fees paid to Non executive directors of comparable companies when undertaking the annual review process.

Non executive directors are remunerated by way of fees and statutory superannuation but no other retirement benefits. Non executive directors are also reimbursed for all reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Non executive directors are encouraged by the Board to hold shares in the Company. In addition, long term incentives in the form of options may be awarded to Non executive directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Company has taken into account the guidelines for Non executive director remuneration as set out in Box 8.2 of the ASX Corporate Governance Council's second edition of the Corporate Governance Principles and Recommendations ('Guidelines'). Item 2 of the Guidelines set out in Box 8.2 states that Non executive directors should not receive options or bonus payments.

The Company considers the issue of options and one cash bonus payment to Non executive directors is appropriate as the quantum of cash fees that the Company believes it is prudent to pay in the current circumstances does not represent an adequate reward and does not provide an adequate incentive to enable the Company to attract and retain Non executive directors of the requisite level of experience and qualifications to assist with the development of the Company.

The remuneration of Non executive directors for the reporting period ending 30 June 2009 and 30 June 2008 is detailed in tables 4 and 5 respectively of this report.

Executive remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- reward executives for Group, business unit, and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make up of executive remuneration, the Board engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration comprising Short ('STI')and Long ('LTI') term incentives.

The proportion of fixed remuneration and variable remuneration for executive is set out in table 4.

Fixed remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of individual performance, relative comparative remuneration in the market and, where appropriate, external advice.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of executives is detailed in table 4.

Variable remuneration — short term incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the Board's assessment of the individual's performance and the performance of their business unit. The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Board.

For the year ending 30 June 2009 a cash bonus of $240,000 was awarded and paid in full to executives.

Variable remuneration — long term incentive (LTI)

Objective

The objective of the LTI program is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

Structure

LTI grants to executives are delivered in the form of share options. The options, when issued to executives are exercisable over a period of up to 3 years for a price exceeding the then market price of the Company's shares. The options vest at the time the options are granted.

Chart 1: The volume weighted share price of the Company for the last five years.

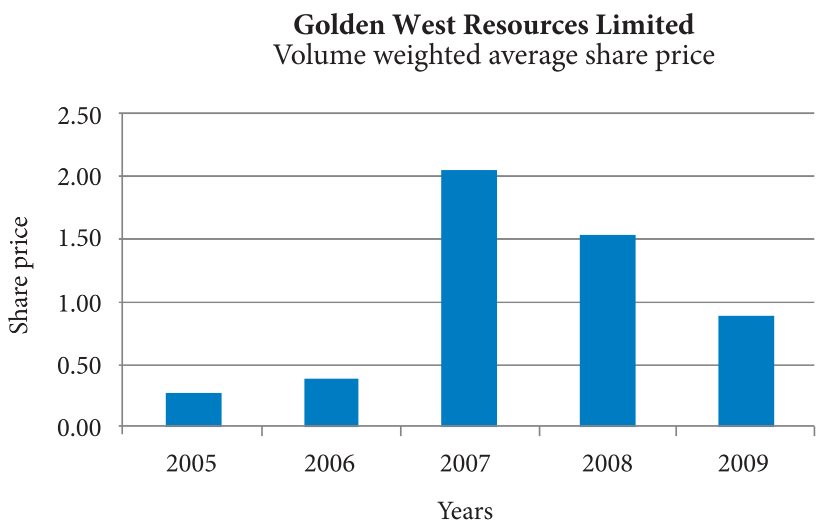


Table 6 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

Employment contracts

The Board has entered into contracts and agreements with executives the details of which are provided below;

Mr Con Markopoulos

Mr Markopoulos was engaged by the Company as Executive chairman on 14 August 2008 for a three year period.

Under the agreement, the Company is to pay Mr Markopoulos a base annual salary of $320,000, plus statutory superannuation and a car allowance of $3,000 per month. The agreement is reviewed annually by the Company provided the base annual salary cannot be reduced as a result of the review.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the initial three year term or before the end of any subsequent extension the Company shall pay Mr Markopoulos an amount equivalent to the balance of the term.

In accordance with the abovementioned agreement Mr Markopoulos was paid a signing on bonus of $40,000 in August 2008. Mr Markopoulos is not entitled to any retirement benefits pursuant to his agreement.

Mr Michael Wilson

Mr Wilson was engaged by the Company as Exploration Manager with effect from December 2004 until terminated in accordance with the terms of the agreement.

Under the agreement, the Company is to pay Mr Wilson a base annual salary of $280,000, plus statutory superannuation and the Company is also required to provide Mr Wilson with a fully maintained commercial motor vehicle or a car allowance of $3,000 per month. The agreement is reviewed annually by the Company provided the base annual salary cannot be reduced as a result of the review.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the initial three year term or before the end of any subsequent extension the Company shall pay Mr Wilson an amount equivalent to the balance of the term. In addition, either the Company or Mr Wilson may terminate the agreement with three months notice and payment by the Company to Mr Wilson of one months salary for every 12 month period of service, up to a maximum of 12 months salary.

The Board approved an ex-gratia performance bonus to Mr Wilson of $100,000 on 23 October 2008. Mr Wilson is not entitled to any retirement benefits pursuant to his agreement.

Mr John Lester

Mr Lester was engaged by the Company as Executive Director on 21 August 2008 for an initial three year period in accordance with the terms of the agreement.

Under the agreement, the Company is to pay Mr Lester a base annual salary of $305,200 plus a car allowance of $3,000 per month. In addition Mr Lester received 500,000 options exercisable at $2.00 each, expiring 31 December 2010 and 500,000 options exercisable at $3.00 each, expiring 31 December 2011, in the Company.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the initial three year term or before the end of any subsequent extension the Company shall pay Mr Lester an amount equivalent to the balance of the term. Mr Lester is not entitled to any retirement benefits pursuant to his agreement.

The Board approved an ex-gratia performance bonus to Mr Lester of $100,000 in September 2008. Mr Lester is not entitled to any retirement benefits pursuant to his agreement.

Mr Paul Leidich

Mr Leidich was employed by the Company on 28 June 2007 as a Study Manager in accordance with the terms of a consultancy agreement. Under the agreement the Company is to pay Mr Leidich at the rate of $1,250 per day.

The Company may terminate the agreement by giving 30 days notice and Mr Leidich is not entitled to any retirement benefits pursuant to his agreement.

Mr Anthony Begovich

Mr Begovich was employed by the Company on 23 March 2009 as Chief financial officer and Company secretary in accordance with the terms of the agreement.

Under the agreement the Company is to pay Mr Begovich a base annual salary of $220,183 plus statutory superannuation.

The Company may terminate the agreement by giving 3 months notice and Mr Begovich is not entitled to any retirement benefits pursuant to his agreement.

Remuneration of key management personnel and the five highest paid executives of the Company and Group

Table 4: Remuneration for the year ended 30 June 2009

	Short-term			Post-employment		Long Term	Share-based payment[3]	Total	Performance related[4]	Options[5]
30 June 2009	Salary & fees[1] $	Cash Bonus $	Other[2] $	Super $	Termination benefits $	Long Service Leave $	$	$	%	%
Non executive directors										
M Bennett	-	-	-	-	-	-	-	-	-	-
J Doutch	-	-	104,643	-	-	-	-	104,643	-	-
W Jun	23,333	-	-	-	-	-	-	23,333	-	-
J Lester[6]	18,750	-	31,200	1,688	-	-	-	51,638	-	-
A Rudd	72,482	100,000	8,000	-	-	-	-	180,482	-	-
D Sanders	-	-	-	-	-	-	-	-	-	-
Sub total	**114,565**	**100,000**	**143,843**	**1,688**	**-**	**-**	**-**	**360,096**		
Executive directors										
J Lester[6]	294,596	100,000	-	-	-	-	482,450	877,046	11.4	55
C Markopoulos	416,897	40,000	-	27,600	-	4,997	-	489,494	-	-
M Wilson	343,635	100,000	-	25,138	46,770	12,382	-	527,925	21.3	-
Other executives										
A Begovich	66,255	-	-	5,488	-	1,064	-	72,807	-	-
P Leidich	274,502	-	-	-	-	-	-	274,502	-	-
D Rose	176,513	-	-	38,786	386,000	-	1,000,000	1,601,299	-	62
Sub total	**1,572,398**	**240,000**		**97,012**	**432,770**	**18,443**	**1,482,450**	**3,843,073**		
Total	**1,686,963**	**340,000**	**143,843**	**98,700**	**432,770**	**18,443**	**1,482,450**	**4,203,169**		

1 Salary and fees includes movements in annual leave entitlement provisions
2 Other refers to fees paid for consultancy work performed for the Company
3 Share based payments refers to the fair value of options granted during the year
4 Performance related refers to the percentage of total remuneration that is performance related
5 Options refers to the value of options as granted during the year as a proportion of total remuneration
6 Mr Lester became an executive director of the Company on 21 August 2008.

Remuneration of key management personnel and the five highest paid executives of the Company and Group

Table 5: Remuneration for the year ended 30 June 2008

	Short-term			Post-employment		Long Term	Share-based payment[3]	Total	Performance related[4]	Options[5]
30 June 2008	Salary & fees[1] $	Cash Bonus $	Other[2] $	Super $	Termination benefits $	Long Service Leave $	$	$	%	%
Non executive directors										
J Daniels	27,000	-	-	-	-	-	-	27,000	-	-
P Gallagher	14,500	-	-	1,125	-	-	-	15,625	-	-
C Markopoulos	33,255	-	24,000	3,000	-	-	1,157,500	1,217,755	-	94.8
J Lester	22,917	-	50,400	2,063	-	-	-	75,380	-	-
A Rudd	48,750	-	26,000	7,988	-	-	-	82,738	55.4	-
D Sanders	-	-	-	-	-	-	-	-	-	-
Sub total	**146,422**	**-**	**100,400**	**14,176**	**-**	**-**	**1,157,500**	**1,418,498**		
Executive directors										
C Markopoulos	230,228	200,000	-	18,585	-	-	-	448,813	26.7	-
G Hutchinson	182,000	-	-	18,149	143,388	-	-	343,537	-	-
P Thompson	150,000	-	-	-	-	-	2,315,000	2,465,000	-	93.8
M Wilson	220,000	-	-	19,800	18,285	8,043	-	266,128	-	-
Other executives										
P Leidich	251,932	-	-	-	-	-	-	251,932	-	-
Sub total	**1,034,160**	**200,000**	**-**	**56,534**	**161,673**	**8,043**	**2,315,000**	**3,775,410**		
Total	**1,180,582**	**200,000**	**100,400**	**70,710**	**161,673**	**8,043**	**3,472,500**	**5,193,908**		

1 Salary and fees includes movements in annual leave entitlement provisions
2 Other refers to fees paid for consultancy work performed for the Company
3 Share based payments refers to the fair value of options granted during the year
4 Performance related refers to the percentage of total remuneration that is performance related
5 Options refers to the value of options as granted during the year as a proportion of total remuneration

Table 6: Compensation options: Granted and vested during the past two years (Consolidated)

Terms and conditions for each grant

	Granted		Fair value	Exercise price	Expiry date	Exercise date		Vested	
30 June 2009	No.	Date	$	$		First	Last	No.	%
Non executive directors									
J Lester	500,000	27/8/2008	$0.5176	$2.00	31/12/2010	27/8/2008	31/12/2010	500,000	100
	500,000	27/8/2008	$0.4473	$3.00	31/12/2011	27/8/2008	31/12/2011	500,000	100
Other executives									
D Rose	1,000,000	28/8/2008	$0.5365	$2.00	31/12/2010	28/8/2008	31/12/2010	1,000,000	100
	1,000,000	28/8/2008	$0.4635	$3.00	31/12/2011	28/8/2008	31/12/2011	1,000,000	100
Total	**3,000,000**							**3,000,000**	
30 June 2008									
Non executive directors									
C Markopoulos	500,000	19/09/2007	$1.191	$2.00	31/12/2010	19/09/2007	31/12/2010	500,000	100
	500,000	19/09/2007	$1.124	$3.00	31/12/2011	19/09/2007	31/12/2011	500,000	100
Executive directors									
P W Thompson	1,000,000	19/09/2007	$1.191	$2.00	31/12/2010	19/09/2007	31/12/2010	1,000,000	100
	1,000,000	19/09/2007	$1.124	$3.00	31/12/2011	19/09/2007	31/12/2011	1,000,000	100
	3,000,000							**3,000,000**	

Using the Black-Scholes option valuation methodology for the options granted on 27 August 2008 and 28 August 2008, resulted in valuations of $0.5176 and $0.5365 respectively per each option for the $2.00 exercise priced options and $0.4473 and $0.4635 respectively per each option for the $3.00 exercise priced options. The volatility rate was 55% and risk free interest rate used was 5.61% and 5.62% respectively.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

Table 7: Options granted as part of remuneration

	Value of options granted during the year[1] $	Value of options exercised during the year[2] $	Value of options lapsed during the year[3] $
Executive directors			
J Lester	482,450	-	-
Other executives			
D Rose	1,000,000	-	-

1 The value of options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes option-pricing model. The total value of the options granted is included in the table above.

2 The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

3 The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes option-pricing model with no adjustments for whether the performance criteria have or have not been achieved.

There were no shares issued to key management personnel as part of their remuneration during the year.

Dated at Perth this 29th day of September, 2009.

Signed in accordance with a resolution of the Directors:

JOHN LESTER
Managing Director

Corporate governance statement

Statement

Golden West Resources Limited ('Company') has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Principles & Recommendations'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	**If not, why not[2]**		**ASX P & R[1]**	**If not, why not[2]**
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3		✓	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1		✓
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.goldenwestresources.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters/Policies/Procedures	Recommendation(s)
Code of Conduct	3.1, 3.3
Policy for Trading in Company Securities	3.2, 3.3
Audit Committee Charter	4.4
Disclosure Policy	5.1, 5.2
GWR Corporate Governance Statement	1.3, 2.6, 6.1, 6.2, 7.1, 7.4 and 8.3

The Company has not established (and therefore has not made publicly available) a formal Nomination Committee Charter, Remuneration Committee Charter or Risk Management Policy. Where applicable, the Company's "If Not, Why Not" disclosure for each of the Recommendations to which these charters relate, is provided below. Further, the Company will look to formalise these charters and the policy and make them publicly available before the end of the 2009/2010 financial year.

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ('Reporting Period').

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its GWR Corporate Governance Statement. These functions are:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- setting the strategic direction of the Company and monitoring the Company's performance against its stated objectives;
- providing input into and final approval of corporate strategy and monitoring implementation of corporate strategy, business plans and performance objectives and all procurement contracts in relation to the supply of all goods and all services to the company;
- setting the risk profile for the Company and reviewing, ratifying and monitoring systems of risk management;
- reviewing and monitoring codes of conduct, and legal and regulatory compliance;
- the appointment of the Company's Chief Executive Officer (or equivalent), a right of veto in relation to the appointment of the Chief Financial Officer, Company Secretary and other senior executives, and monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

The Company has established the functions delegated to senior executives and has set out these functions in its GWR Corporate Governance Statement. Senior executives are responsible for supporting the Managing Director/Chief Executive Officer and assisting the Managing Director/Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which are deemed necessary at first instance to the Managing Director/Chief Executive Officer or, if the matter concerns the Managing Director/Chief Executive Officer, then directly to the Chair, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for reviewing the performance of executive management at least once every calendar year with reference to the terms of their employment contract. The Managing Director, in consultation with each senior executive, will also complete an annual plan detailing targets and objectives. The Managing Director will review these annual plans twice yearly and discuss outcomes with each senior executive at their annual performance review.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

During the Reporting Period performance evaluations for senior executives did not take place.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of Departure:

The Board does not have a majority of independent directors.

Explanation for Departure:

During the Reporting Period the Board experienced a number of changes, and given its transition throughout the Reporting Period, the Board did not comprise any independent directors. The Board was of the view that the Company's size and composition was the best structure for its objectives during that time. Since the end of the Reporting Period the Board has appointed a Non executive independent director, being Mr Vaughan Webber. The Board is also currently undertaking a review of its structure and considers independence amongst other criteria whilst conducting these reviews.

Recommendation 2.2:

The Chair should be an independent director.

Notification of Departure:

The Chair of the Board is not independent.

Explanation for Departure:

During the Reporting Period the Chair of the Board was executive director Mr Con Markopoulos. Mr Markopoulos was interim chair on the Board whilst the Company was seeking to appoint a Non executive independent Chair. The Board believed that Mr Markopoulos was the best suited person to fill the position of Chair whilst the Company was seeking an independent Chair.

Since the end of the Reporting Period Mr Markopoulos has resigned from the Board. The Board continues to seek a Non executive independent director to fill the position of Chair and accordingly, in the interim, the Board has appointed executive director Mr Michael Wilson to Chair the Board. The Company believes that Mr Wilson is currently the best suited person to be interim Chair.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Notification of Departure:

For part of the Reporting Period the roles of Chair and Chief Executive Officer were exercised by the same individual.

Explanation for Departure:

From 6 October 2008 to 31 March 2009 Mr David Rose was the Chief Executive Officer of the Company. Until 6 October 2008 and following Mr Rose's resignation on 31 March 2009, Mr Con Markopoulos was both the interim Chair and the interim Chief Executive Officer of the Company. The Board believed that Mr Markopoulos was the best suited person to take on these interim positions.

However, since the end of the Reporting Period and the following the resignation of Mr Markopoulos, the Company has appointed Mr John Lester as Managing Director and, as noted above, Mr Michael Wilson as interim Chair. Given these appointments the Company now complies with this recommendation.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions. Further the Company seeks advice and assistance from external consultants when discussing nomination related matters.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for reviewing the performance of the Board, Managing Director and the Non executive directors at least once every calendar year.

The Chair, in consultation with the Managing Director and each of the Non executive directors, will complete an annual plan detailing their personal targets and objectives. The Chair will review the annual plans twice yearly and discuss outcomes with each person at their annual performance review.

The Chair evaluates the Board on an internal and confidential basis. All Board members complete questionnaires which are then reviewed by the Chair. The Chair then reports back to the Board based on his review of the questionnaires. If required, the Chair may consult with external consultants.

The Audit Committee (the only separate committee of the Board) self assesses and completes a performance review of itself before reporting to Board on the results of its self assessments.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2.*

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors and Materiality Thresholds

During the Reporting Period the Company did not have any independent directors.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations. The Company did not measure independence against set materiality thresholds due to the fact that during the Reporting Period the Company had not determined its materiality thresholds. However, when considering materiality the Company would consider the key factors of financial impact and market perception. The Company intends to implement formal guidelines and set its materiality thresholds in the forthcoming reporting period.

Statement concerning availability of Independent Professional Advice

To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however the Board discussed nomination-related matters from time to time during the year as required.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

The Company has not established (and therefore has not made publicly available) a formal Nomination Committee Charter, however, the Company will look to formalise this charter and make it publicly available before the end of the 2009/2010 financial year.

Performance Evaluation

During the Reporting Period no performance evaluations were undertaken.

Selection and (Re)Appointment of Directors

If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience. In support of their candidature for directorship or re-election, Non executive directors are expected to provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election Non executive directors are expected to specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Under the Company's Constitution, no director (except the Managing Director/Chief Executive Officer) may hold office without retiring and submitting themselves for re-election past the third annual general meeting following that director's appointment or 3 years, whichever is longer. Any director appointed by the Board may retire at the next general meeting (or if not, must retire at the next annual general meeting) following their appointment and may submit themselves for re-election. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Board has adopted a Code of Conduct which promotes ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.

The Chief Executive Officer is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company. The Chief Executive Officer and the Company Secretary are responsible for making advisers, consultants and contractors aware of and accountable to the Company's expectations set out in its Code of Conduct.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees. The Chief Executive Officer and Company Secretary are responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of Non executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The Audit Committee is not structured in accordance with Recommendation 4.2.

Explanation for Departure:

During the Reporting Period the Audit Committee comprised Mr Alan Rudd (a non-independent Non executive director) and Mr Con Markopoulos (an executive director). Given the current size and composition of the Board, the Company is unable to comply with this Recommendation.

Since the end of the Reporting Period, however, Non executive independent director Mr Vaughan Webber has been appointed as Chair of the Audit Committee following Mr Alan Rudd's resignation. The Board is currently in the process of determining the composition of the Audit Committee.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

The Audit Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Alan Rudd	2
Con Markopoulos	2

Details of each of the director's qualifications are set out in the Directors' Report.

While Mr Rudd and Mr Markopoulos have no formal financial qualifications, both directors have substantial industry experience. For further details on their industry experience please refer to the Director's Report.

Details of newly appointed Chair, Mr Webber's financial and industry experience is also available in the Director's Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. These procedures form part of the responsibilities of the Audit Committee and comprise:

- reviewing and overseeing the planning process for external audits;
- reviewing the overall conduct of the external audit process including the independence of all parties to the process;
- reviewing the performance of the external auditors;
- considering the reappointment and proposed fees of the external auditor; and
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, reporting this to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 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 that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Notification of Departure:

During the Reporting Period the Company had not formally established policies for the oversight and management of material business risks.

Explanation for Departure:

Whilst the Company had not formally established a risk management policy, the Company had established a number of guidelines, as well as a risk profile, in its GWR Corporate Governance Statement, which guidelines the Company was required to follow when dealing with risk related issues.

Since the end of the Reporting Period, the Company has begun the process of reviewing its informal risk management systems and intends to implement a formal Risk Management Policy and risk management system to manage the Company's material business risks. The Company intends to have these in place by the end of the forthcoming reporting period. The Company expects that summaries of these policies will be made available on the Company's website once the Company has finished its review and implementation. Further, the Company's risk management system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

Following is a list (in no particular order) of the Company's risk profile which the Board and senior management believe to be the most significant for the industry sector in which the Company operates:

- environmental;
- sustainability;
- compliance;
- strategic;
- ethical conduct;
- reputation or brand;
- technological;
- product or service quality;
- human capital;
- financial reporting; and
- market-related risks.

The above list is not necessarily exhaustive, however, provides investors with an insight into the risks the Company faces on a day to day basis.

Recommendation 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.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 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.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration 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 risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

As noted above, the Company has not established (and therefore has not made publicly available) formal policies for the oversight and management of material business risks, however the Company intends to have these in place by the end of the forthcoming reporting period, after which time the Company will make summaries of the policies available on its website.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions. Further, the Company seeks advice and assistance from external consultants when discussing remuneration related matters.

Recommendation 8.2:

Companies should clearly distinguish the structure of Non executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

The Company's remuneration policy is structured for the purpose of:

- motivating senior executives to pursue the long-term growth and success of the Company; and
- demonstrating a clear relationship between senior executives' performance and remuneration.

The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:

- attracting and retaining senior executives and directors; and
- not paying excessive remuneration.

Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Non-executive directors' remuneration should be formulated with regard to the following guidelines:

- Non executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, without participating in schemes designed for the remuneration of executives;
- Non executive directors should not be provided with retirement benefits other than superannuation.

No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Shareholder approval will be sought in the event that it is required pursuant to the Corporations Act, the ASX Listing Rules or the Company's Constitution for any aspect of director or senior executive remuneration.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however, the Board discussed remuneration-related matters from time to time during the year as required.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for Non executive directors (other than for superannuation).

The Company has not established (and therefore has not made publicly available) a formal Remuneration Committee Charter, however, the Company will look to formalise this charter and make it publicly available before the end of the 2009/2010 financial year.

During the Reporting Period the Company did not disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Company's position is that such transactions are prohibited. The Company intends to include a statement of the Company's policy on this prohibition on its website during the forthcoming reporting period.

Income statement for the year ended 30 June 2009

		Consolidated		Parent	
	Notes	2009 $	2008 $	2009 $	2008 $
Revenue	6	1,966,036	1,141,956	1,966,036	1,141,956
Employee expenses	7(a)	(4,788,919)	(5,598,512)	(4,788,919)	(5,598,512)
Depreciation expense		(394,914)	(303,968)	(394,914)	(303,968)
Finance expenses	7(b)	(14,906)	(376)	(14,906)	(376)
Impairment loss	15	(11,760,000)	-	(11,760,000)	-
Other expenses	7(c)	(3,357,716)	(5,072,232)	(3,357,717)	(5,072,232)
Loss before income tax		**(18,350,419)**	**(9,833,132)**	**(18,350,420)**	**(9,833,132)**
Income tax	8	-	-	-	-
Loss after income tax		**(18,350,419)**	**(9,833,132)**	**(18,350,420)**	**(9,833,132)**
Loss attributable to members of the Parent	**23**	**(18,350,419)**	**(9,833,132)**	**(18,350,420)**	**(9,833,132)**
Basic loss per share (cents per share)	9	(13.48)	(10.68)		

Diluted loss per share is not disclosed as it would not reflect an inferior position.

The above income statement should be read in conjunction with the accompanying notes

Balance sheet as at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current assets					
Cash and cash equivalents	10	20,382,799	12,756,666	20,382,799	12,756,666
Trade and other receivables	11	504,401	925,298	517,401	925,298
Other financial assets	12	2,209,353	10,000	2,209,353	10,000
Total current assets		**23,096,553**	**13,691,964**	**23,109,553**	**13,691,964**
Non-current assets					
Plant and equipment	13	1,433,030	1,394,571	1,433,030	1,394,571
Exploration & evaluation expenditure	14	57,792,257	25,152,378	57,792,257	25,152,378
Available-for-sale financial assets	15	-	-	-	-
Investments in subsidiaries	16	-	-	1,001	2
Other financial assets	17	428,778	10,353,200	414,778	10,353,200
Total non-current assets		**59,654,065**	**36,900,149**	**59,641,066**	**36,900,151**
Total assets		**82,750,618**	**50,592,113**	**82,750,619**	**50,592,115**
Current liabilities					
Trade and other payables	18	1,154,415	1,090,082	1,154,416	1,090,084
Interest bearing liabilities	19	53,818	54,127	53,818	54,127
Provisions	20(a)	180,236	78,403	180,236	78,403
Total current liabilities		**1,388,469**	**1,222,612**	**1,388,470**	**1,222,614**
Non-current liabilities					
Provisions	20(b)	206,489	113,320	206,489	113,320
Total non-current liabilities		**206,489**	**113,320**	**206,489**	**113,320**
Total liabilities		**1,594,958**	**1,335,932**	**1,594,959**	**1,335,934**
Net assets		**81,155,660**	**49,256,181**	**81,155,660**	**49,256,181**
Equity					
Contributed equity	21	109,356,721	60,593,477	109,356,721	60,593,477
Reserves	22	23,883,574	22,396,924	23,883,574	22,396,924
Accumulated losses	23	(52,084,635)	(33,734,220)	(52,084,635)	(33,734,220)
Total equity		**81,155,660**	**49,256,181**	**81,155,660**	**49,256,181**

The above balance sheet should be read in conjunction with the accompanying notes

Statement of changes in equity for the year ended 30 June 2009

	Ordinary share capital $	Option reserves $	Accumulated losses $	Total $
Consolidated				
Balance at 01/07/2007	24,141,804	18,751,550	(23,901,088)	18,992,266
Shares issued during the year	38,593,959	-	-	38,593,959
Transfer from option reserve upon exercise/expiry of options	146,176	(146,176)	-	-
Capital raising costs	(2,288,462)	-	-	(2,288,462)
Options issued during the year	-	3,791,550	-	3,791,550
Loss attributable to members of Parent	-	-	(9,833,132)	(9,833,132)
Balance at 30/06/2008	**60,593,477**	**22,396,924**	**(33,734,220)**	**49,256,181**
Balance at 01/07/2008	60,593,477	22,396,924	(33,734,220)	49,256,181
Shares issued during the year	50,310,000	-	-	50,310,000
Capital raising costs	(1,546,752)	-	-	(1,546,752)
Options issued during the year	-	1,486,650	-	1,486,650
Loss attributable to members of Parent	-	-	(18,350,419)	(18,350,419)
Rounding	(4)	-	4	-
Balance at 30/06/2009	**109,356,721**	**23,883,574**	**(52,084,635)**	**81,155,660**
Parent				
Balance at 01/07/2008	24,141,804	18,751,550	(23,901,088)	18,992,266
Shares issued during the year	38,593,959	-	-	38,593,959
Transfer from option reserve upon exercise/expiry of options	146,176	(146,176)	-	-
Capital raising costs	(2,288,462)	-	-	(2,288,462)
Options issued during the year	-	3,791,550	-	3,791,550
Loss attributable to members of Parent	-	-	(9,833,132)	(9,833,132)
Balance at 30/06/2008	**60,593,477**	**22,396,924**	**(33,734,220)**	**49,256,181**
Balance at 01/07/2008	60,593,477	22,396,924	(33,734,220)	49,256,181
Shares issued during the year	50,310,000	-	-	50,310,000
Capital raising costs	(1,546,752)	-	-	(1,546,752)
Options issued during the year	-	1,486,650	-	1,486,650
Loss attributable to members of Parent	-	-	(18,350,420)	(18,350,420)
Rounding	(4)	-	5	1
Balance at 30/06/2009	**109,356,721**	**23,883,574**	**(52,084,635)**	**81,155,660**

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

Statement of cash flows for the year ended 30 June 2009

		Consolidated		Parent	
	Notes	2009 $	2008 $	2009 $	2008 $
Cash flows from operating activities					
Receipts from customers		2,000	-	2,000	-
Payments to suppliers & employees		(5,912,112)	(6,666,969)	(5,912,112)	(6,665,393)
Interest received		2,096,104	607,062	2,096,104	607,062
Interest paid		(14,906)	(376)	(14,906)	(376)
Net cash used in operating activities	**24**	**(3,828,914)**	**(6,060,283)**	**(3,828,914)**	**(6,058,707)**
Cash flows from investing activities					
Payments for exploration & evaluation		(23,704,748)	(13,529,216)	(23,704,748)	(13,529,216)
Payments for plant & equipment		(656,383)	(740,135)	(656,383)	(740,135)
Proceeds from sale of plant & equipment		12,000	12,820	12,000	12,820
Payments for security deposits/bonds		(75,578)	(330,000)	(61,578)	(330,000)
Proceeds from security deposits/bonds		10,000		10,000	
Payments for held-to-maturity investments		-	(10,000,000)	-	(10,000,000)
Proceeds from held-to-maturity investments		10,000,000	-	10,000,000	-
Loans to related parties		-	-	(14,000)	(1,576)
Loans to other entities		(2,595,000)	-	(2,595,000)	-
Repayments from other entities		411,508	-	411,508	-
Net cash used in investing activities		**(16,598,201)**	**(24,586,531)**	**(16,598,201)**	**(24,588,107)**
Cash flows from financing activities					
Proceeds from issue of shares and options		29,600,000	38,593,959	29,600,000	38,593,959
Share and option issue costs		(1,546,752)	(2,487,998)	(1,546,752)	(2,487,998)
Net cash provided by financing activities		**28,053,248**	**36,105,961**	**28,053,248**	**36,105,961**
Net increase in cash and cash equivalents		7,626,133	5,459,147	7,626,133	5,459,147
Cash and cash equivalents at the beginning of the financial year		12,756,666	7,297,519	12,756,666	7,297,519
Cash and cash equivalents at the end of the financial year	**10**	**20,382,799**	**12,756,666**	**20,382,799**	**12,756,666**

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

Notes to the financial statements for the year ended 30 June 2009

Note 1: Corporate information

The financial report of Golden West Resources Limited ('the Company' or the 'Parent') and of the Group, being the Company and its controlled entities for the financial year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29 September 2009.

Golden West Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values have not been rounded.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board.

(c) New accounting standards and interpretations

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods, The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007.3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of at borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing front January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project, No changes are expected to materially affect the Group.
- AASB 2006-8: Amendments to Australian Accounting Standards — Eligible Hedged items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden West Resources Limited and its subsidiaries as at 30 June each year.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

(e) Segment reporting

A business segment is a distinguishable component of the equity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the equity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(f) Revenue

Revenue is recognised as income to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Revenue is recognised as the interest accrues using the effective interest method. This is the method of calculating the amortised costs of the financial asset and allocating the interest income over the relevant period 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.

(g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period'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 a 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 differences 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.

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.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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 related to the same taxable entity and the same taxation authority.

(h) 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 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 balance sheet.

Cash flows are included in the cash flow statement 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 are classified as operating cash flows.

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

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Plant and equipment

All plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

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

Leasehold improvements	20%
Motor vehicles	18.75%
Plant and equipment	7.50-40.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition and disposal

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

Any gain or loss arising on derecognition 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 item is derecognised.

(k) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that 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.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(l) 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. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

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.

Recognition and derecognition

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 period 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 financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) 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 with maturities greater than 12 months after balance date, which are classified as non-current.

(iv) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale securities 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.

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. For investments with no active market, fair values are determined using valuation techniques. Such techniques include:

- using recent arm's length market transactions;
- reference to the current market value of another instrument that is substantially the same;
- discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and 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.

(n) Provisions

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 a 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 income statement 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.

(o) Employee benefits

(i) Wages salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual 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. Liabilities 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 and other employment entitlements

The liability for long service leave and other employment entitlements is recognised and measured as the present value 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.

(p) Contributed equity

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.

(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 or loss 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 that have been recognised as expenses; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Leases

Leases are classified at the inception as either operating or finance leases, based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Group as a lessor

Leases in which the group retains substantially all the risks and benefits and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(s) Share-based payment transactions

(i) Equity settled transactions

The Group provides benefits to directors, employees and other parties in the form of share-based payment transactions, whereby directors, employees and other parties render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes model, further details of which are given in note 27.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Golden West Resources Limited ('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 conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of 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 income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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 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 earnings per share.

(ii) Cash settled transactions

The Group also provides benefits to various parties in the form of cash-settled share based payments, whereby the various parties provides goods and services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Golden West Resources Limited.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the various parties, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

(i) At each reporting date between grant and settlement, the fair value of the award is determined

(ii) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period

(iii) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.

(iv) All changes in the liability are recognised in profit or loss for the period

The fair value of the liability is determined, initially and at each reporting date until it is settled, by applying a Black-Scholes option pricing model, taking into account the terms and conditions on which the award was granted, and the extent to which employees have rendered service to date (see note 27).

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 3: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, short term deposits, trade and other receivables, available for sale investments, trade and other payables and interest bearing liabilities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's activities, which mainly comprise of exploration and evaluation work that occurs solely within Australia, do not exposure it, at this time, to any foreign currency risk or price risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial performance of the Group.

The main risks arising from the Group's financial instruments are market risk (e.g. interest rate risk), credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessment of market forecasts for interest rates. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees procedures for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with management under the procedures approved by the Board. The Board reviews management's processes for managing each of the risks identified below including future cash flow forecast projections.

Risk exposures and responses

Market risk

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents, other financial assets and interest bearing liabilities. The Group has provided loans to third parties, which are disclosed under other financial assets (current) in note 12, at fixed rates of interest and as such does not expose the Group to interest rate risk. Trade and other receivables disclosed in note 11 are non-interest bearing.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Financial assets				
Cash and cash equivalents	20,382,799	12,756,666	20,382,799	12,756,666
Other financial assets (non-current)	428,778	10,353,200	414,778	10,353,200
	20,811,577	23,109,866	20,797,577	23,109,866
Financial liabilities				
Interest bearing liabilities	53,818	54,127	53,818	54,127
Net exposure	20,757,759	23,055,739	20,743,759	23,055,739

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators over the next twelve months.

Note 3: Financial risk management objectives and policies continued

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit higher/(lower)		Equity higher/(lower)	
	2009 $	2008 $	2009 $	2008 $
Consolidated				
+0.50% (50 basis points)	103,789	115,279	103,789	115,279
-0.25% (25 basis points)	(51,894)	(57,639)	(51,894)	(57,639)
Parent				
+0.50% (50 basis points)	103,719	115,279	103,719	115,279
-0.25% (25 basis points)	(51,859)	(57,639)	(51,859)	(57,639)

The sensitivity is slightly lower in 2009 than in 2008 for both the Consolidated and Parent entities because of a decrease in cash and term deposits mainly due to the provision of $2.2 million of loan funds to various parties at fixed interest rates.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure. The Group only trades with recognised, creditworthy third parties, and as such collateral is not requested, nor it is the Group's policy to securitise its trade and other receivables.

Financial instruments held by the Group are spread amongst a number of financial institutions all of which have credit ratings of AA or better, to minimise the risk of counterparty default. However, at balance date the majority of cash and cash equivalents are held by one financial institution.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group does not have any significant financial liabilities as its objective has been to ensure continuity of funding through the use of ordinary shares.

The Group regularly monitors forecasts and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk.

There may be a need to raise additional funds in the next twelve months to meet forecast operating activities. The decision on how the Group will raise these funds which may include debt and equity will depend on market conditions at the time.

The remaining contractual maturities of the Group's and Parent's financial liabilities are:

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
1 month or less	746,467	708,176	746,468	708,176
1 – 3 months	461,766	436,033	461,766	436,033
Over 3 months	-	-	-	-
	1,208,233	1,144,209	1,208,234	1,144,209

At balance date the Group had cash and cash equivalents of $20,382,799 for its immediate use.

Note 3: Financial risk management objectives and policies continued

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Note 4: Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date is disclosed in note 27.

Impairment of capitalised Exploration and evaluation expenditure

The future recoverability of capitalised Exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related Exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised Exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, Exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Note 5: Segment information

Business and geographical segments:

The operations and assets of Golden West Resources Limited and its controlled entities are predominantly employed in exploration and evaluation activities relating to minerals in Australia.

Note 6: Revenue

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Revenue				
Interest received	1,964,036	1,141,956	1,964,036	1,141,956
Other income	2,000	-	2,000	-
	1,966,036	1,141,956	1,966,036	1,141,956

Note 7: Expenses

(a) Employee expenses

Salary and wages	2,621,804	1,379,698	2,621,804	1,379,698
Superannuation	119,027	92,793	119,027	92,793
Share based payments	1,482,450	3,791,550	1,482,450	3,791,550
Other employee expenses	565,638	334,471	565,638	334,471
	4,788,919	5,598,512	4,788,919	5,598,512

(b) Finance expenses

Interest	14,906	376	14,906	376

(c) Other expenses

Administration costs	1,281,514	1,301,621	1,280,599	1,301,621
Corporate costs	896,521	834,366	896,521	834,366
Consulting fees	397,897	935,967	397,897	935,967
Legal costs	448,040	1,864,865	448,040	1,864,865
Occupancy costs	117,442	106,689	117,442	106,689
Exploration expenditure written off	-	27,148	-	27,148
Loss on disposal of plant and equipment	212,102	-	212,102	-
Share based payments	4,200	-	4,200	-
Impairment loss – Related party receivables	-	1,576	916	1,576
	3,357,716	5,072,232	3,357,717	5,072,232

Note 8: Income tax

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:				
Accounting loss before income tax	(18,350,419)	(9,833,132)	(18,350,420)	(9,833,132)
At the statutory income tax rate of 30% (2008: 30%)	(5,505,126)	(2,949,940)	(5,505,126)	(2,949,940)
Non deductible expenditure	457,302	1,167,101	457,303	1,167,101
Tax loss and temporary differences not brought to account as a deferred tax asset	5,391,146	2,007,709	5,391,145	2,007,709
Temporary investment allowance	(25,588)	-	(25,588)	-
Capital raising costs	(317,734)	(224,870)	(317,734)	(224,870)
At the effective income tax rate of 0% (2008: 0%)	-	-	-	-
Unrecognised deferred tax assets (liabilities)				
Deferred tax assets have not been recognised in respect of the following items:				
Employee entitlements	116,018	57,517	116,018	57,517
Trade and other payables	33,794	53,318	33,794	53,318
Business related expenses	1,205,842	1,163,234	1,205,842	1,163,234
Allowance for impairment loss	3,528,000	1,007	3,529,282	1,007
Tax losses	22,556,304	10,903,126	22,556,029	10,903,126
Deferred tax assets:	27,439,958	12,178,202	27,440,965	12,178,202
Deferred tax liabilities have not been recognised in respect of the following items:				
Accrued interest receivable	(99,600)	(162,736)	(99,600)	(162,736)
Diesel fuel rebate	-	(4,515)	-	(4,515)
Plant and equipment	(2,953)	(10,979)	(2,953)	(10,979)
Capitalised exploration & evaluation expenditure	(17,337,677)	(7,545,714)	(17,337,677)	(7,545,714)
	(17,440,230)	(7,723,943)	(17,440,230)	(7,723,943)
Net unrecognised deferred tax asset (liability)	**9,999,728**	**4,454,259**	**10,000,735**	**4,454,259**

Tax losses

The Group has tax losses that do not expire under current legislation. Deferred tax assets and deferred tax liabilities have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

Tax consolidation

Members of the tax consolidated group and the tax sharing arrangement

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have not entered into a tax sharing or tax funding arrangement. The head entity of the tax consolidated group is Golden West Resources Limited.

Note 8: Income tax continued

Tax effect accounting by members of the tax consolidated group

As no tax funding arrangement has been entered into, the deferred tax balances have been recognised as equity adjustments. In this regard the head entity has assumed the benefit of tax losses from controlled entities of $3,053 ($2008: 3,357) as of balance date.

Note 9: Loss per share

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	2009	**2008**
	$	**$**
Loss used in calculating basic and diluted loss per share	(18,350,419)	(9,833,132)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share:	136,123,236	92,083,997

Diluted loss per share is not disclosed as it would not reflect an inferior position.

Note 10: Cash and cash equivalents

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Cash on hand	1,000	1,000	1,000	1,000
Cash at bank	953,877	697,209	953,877	697,209
Term deposits	19,427,922	12,058,457	19,427,922	12,058,457
Total cash and cash equivalents	20,382,799	12,756,666	20,382,799	12,756,666

Note 11: Trade and other receivables

Trade receivables	-	23,973	-	23,973
Accrued interest	332,000	542,453	332,000	542,453
Goods and services tax	127,563	333,575	127,563	333,575
Related party receivables	-	-	13,000	-
Other receivables	7,839	-	7,839	-
Prepayments	36,999	25,297	36,999	25,297
	504,401	925,298	517,401	925,298

As of 30 June 2009 Parent trade and other receivables contain related party receivables that have a partial allowance for impairment loss of $4,273 (2008: full allowance for impairment loss of $3,357). No other trade and other receivables are impaired or past due.

Note 12: Other financial assets

Security deposits/bonds	-	10,000	-	10,000
Loans to third parties[1]	2,209,353	-	2,209,353	-
	2,209,353	10,000	2,209,353	10,000

1 The outstanding loan balance as at 30 June 2009 includes accrued interest and relates to funds advanced by the Company to various third parties at the rate of 8% to 10% per annum which are expected to be repaid within 12 months.

Security has been obtained for loans to the value of $1,817,440 as at 30 June 2009 by way of a fixed and floating charge over the majority of the assets of the third party.

Note 13: Plant and equipment

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Plant and equipment at cost	1,519,069	1,156,432	1,519,069	1,156,432
Less: accumulated depreciation	(659,654)	(376,607)	(659,654)	(376,607)
	859,415	779,825	859,415	779,825
Motor vehicles at cost	557,673	504,001	557,673	504,001
Less: accumulated depreciation	(159,847)	(94,852)	(159,847)	(94,852)
	397,826	409,149	397,826	409,149
Leasehold improvements at cost	182,433	257,784	182,433	257,784
Less: accumulated depreciation	(6,644)	(52,187)	(6,644)	(52,187)
	175,789	205,597	175,789	205,597
Total plant and equipment	1,433,030	1,394,571	1,433,030	1,394,571

Reconciliation of the carrying amount for plant and equipment, motor vehicles and leasehold improvements is set out below:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Plant and equipment				
Carrying amount at beginning of year	779,825	519,144	779,825	519,144
Additions	392,133	467,987	392,133	467,987
Disposals	(23,024)		(23,024)	
Depreciation expense	(289,519)	(207,306)	(289,519)	(207,306)
Carrying amount at end of year	859,415	779,825	859,415	779,825
Motor vehicles				
Carrying amount at beginning of year	409,149	207,952	409,149	207,952
Additions	81,818	250,983	81,818	250,983
Disposals	(15,062)	-	(15,062)	-
Depreciation expense	(78,079)	(49,786)	(78,079)	(49,786)
Carrying amount at end of year	397,826	409,149	397,826	409,149
Leasehold improvements				
Carrying amount at beginning of year	205,597	154,034	205,597	154,034
Additions	182,432	98,439	182,432	98,439
Disposals	(184,924)		(184,924)	
Depreciation expense	(27,316)	(46,876)	(27,316)	(46,876)
Carrying amount at end of year	175,789	205,597	175,789	205,597
Total carrying amount at end of year	**1,433,030**	**1,394,571**	**1,433,030**	**1,394,571**

Note 14: Exploration and evaluation expenditure

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Balance at beginning of year	25,152,378	11,273,581	25,152,378	11,273,581
Expenditure incurred during the year[1]	32,639,879	13,905,945	32,639,879	13,905,945
Expenditure expensed during the year (Note 7c)	-	(27,148)	-	(27,148)
Balance at end of year	57,792,257	25,152,378	57,792,257	25,152,378

1 Expenditure incurred during the year includes an amount of $8,950,000 of share based payments relating to the acquisition of tenements. Refer to note 27 for further details.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

Note 15: Available-for-sale financial assets

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
At fair value				
Shares – Australian unlisted	-	-	-	-

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(i) Valuation assumptions

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions, which are outlined in note 2, that are not supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the balance sheet and the related impairment charge recorded in the profit and loss account are reasonable and the most appropriate at the balance sheet date. A reconciliation of the movement during the year is as follows:

Opening balance	-	-	-	-
Additions	11,670,000	-	11,670,000	-
Allowance for impairment loss[1]	(11,670,000)	-	(11,670,000)	-
Closing balance	-	-	-	-

1 An allowance for impairment loss of $11,670,000 has been recognised by the Group and the Parent in the current year as management have determined that the investment is impaired.

(ii) Valuation sensitivity

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation models and has quantified this as an increase in fair value of approximately $1,167,000 using more favourable assumptions.

Note 16: Investment in subsidiaries

Investment in controlled entities - at cost[1]	-	-	1,001	2

1 Refer to note 25 for further information

Note 17: Other financial assets

Security deposits/bonds	428,778	353,200	414,778	353,200
Term deposits	-	10,000,000	-	10,000,000
	428,778	10,353,200	414,778	10,353,200

Note 18: Trade and other payables

Trade payables	406,324	439,127	406,324	439,127
Other payables	175,625	127,523	175,626	127,525
Accruals	572,466	523,432	572,466	523,432
	1,154,415	1,090,082	1,154,416	1,090,084

Note 19: Interest bearing liabilities

Corporate credit cards [1]	53,818	54,127	53,818	54,127

1 Details regarding interest rate risk is disclosed in Note 3

Note 20: Provisions

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
(a) Current				
Employee entitlements	180,236	78,403	180,236	78,403
(b) Non Current				
Employee entitlements	206,489	113,320	206,489	113,320

Note 21: Contributed equity

(a) Issued capital

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
143,135,763 Ordinary fully paid shares (2008: 110,415,763)	109,356,721	60,593,477	109,356,721	60,593,477

	Number	$
Movement in ordinary shares on issue		
At 1 July 2007	68,983,624	24,141,804
Exercise of options[1]	23,341,211	5,125,742
Transfer from option reserves	-	146,176
Other share issues[2]	14,477,678	26,783,704
Rights issue[3]	3,613,250	6,684,513
Transaction costs	-	(2,288,462)
At 30 June 2008	110,415,763	60,593,477
Other share issues[4]	16,000,000	29,600,000
Other share issues[5]	16,720,000	20,710,000
Transaction costs	-	(1,546,752)
Rounding	-	(4)
At 30 June 2009	143,135,763	109,356,721

1 Exercise of options at various dates during the year at exercise prices ranging from $0.20 to $2.00 per share.

2 Shares issued on 17 December 2007 at $1.85 per share to various institutional and sophisticated investors for cash of $26,783,704 (excluding costs).

3 Shares issued to existing shareholders via a Rights issue on 4 February 2008 at $1.85 per share for cash of $6,684,513 (excluding costs).

4 Shares issued to Hunan Valin Steel Company Limited ('Hunan Valin') and Yijian Investments Co. Limited (Yijian') on 21 and 22 August 2008 at $1.85 per share for cash of $29,600,000 (excluding costs).

5 Shares issued during the year to third parties at prices ranging from $1.85 to $0.29 per share in return for goods and services to the value of $20,710,000. Refer note 27 for further details.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the equity market is constantly changing management may issue new shares to provide for future exploration, evaluation and development activity. Management is currently considering a number of options to fund the development of its mining projects which may include the issue of shares and the borrowing of funds.

The Group is not subject to any externally imposed capital requirements.

Note 22: Reserves

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
(a) Options reserve				
28,263,879 listed and unlisted options (2008: 23,263,879)	23,883,574	22,396,924	23,883,574	22,396,924

	Number listed	Number unlisted	$
Movement in options on issue			
At 1 July 2007	19,670,374	23,474,990	18,751,550
Exercise of options[1]	(19,567,300)	(3,761,111)	-
Issue of options[2]	-	3,550,000	3,791,550
Transfer to issued capital	-	-	(146,176)
Expiry of options	(103,074)	-	-
Quotation of listed options	14,513,879	(14,513,879)	-
At 30 June 2008	14,513,879	8,750,000	22,396,924
Issue of options[3]	3,500,000	1,500,000	1,486,650
At 30 June 2009	18,013,879	10,250,000	23,883,574

1 Exercise of options at various dates during the year at exercise prices ranging from $0.20 to $2.00 per share.

2 Options issued to directors & employees at prices ranging from $1.191 to $0.508.

3 Options issued to directors, employees and third parties at prices ranging from $0.5365 to $0.0021.

Note 23: Accumulated losses

Balance at beginning of year	(33,734,220)	(23,901,088)	(33,734,220)	(23,901,088)
Loss attributable to members of the Parent	(18,350,419)	(9,833,132)	(18,350,420)	(9,833,132)
Rounding	4	-	5	-
Balance at end of year	(52,084,635)	(33,734,220)	(52,084,635)	(33,734,220)

Note 24: Cash flow statement reconciliation

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
(a) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:				
Loss after income tax	(18,350,419)	(9,833,132)	(18,350,420)	(9,833,132)
Depreciation	394,914	303,968	394,914	303,968
Share based payments	1,486,650	3,791,550	1,486,650	3,791,550
Exploration & evaluation expenditure written off	-	27,148	-	27,148
Loss on disposal of plant and equipment	212,102	-	212,102	-
Diminution in value of investment	11,760,000	-	11,760,000	-
Impairment of related party receivables	-	-	916	1,576
Movements in assets and liabilities:				
(Increase)/decrease in trade and other receivables	420,897	(440,941)	407,897	(440,941)
Increase in trade and other payables	51,940	196,069	64,025	196,069
Increase/(decrease) in provisions	195,002	(104,945)	195,002	(104,945)
Net cash used in operating activities	(3,828,914)	(6,060,283)	(3,828,914)	(6,058,707)
(b) Non-cash financing and investing activities				
Share based payments (note 27)	20,710,000	-	20,710,000	-

Note 25: Related party disclosure

(a) Subsidiaries

The consolidated financial statements include the financial statements of Golden West Resources Limited and the subsidiaries listed in the following table;

		Equity interest		Investment	
	Country of Incorporation	2009 %	2008 %	2009 $	2008 $
Golden West Energy Pty Ltd	Australia	100%	100%	1,000	1
Iron West Resources Pty Ltd	Australia	100%	100%	1	1
				1,001	2

(b) Ultimate parent

Golden West Resources Limited is the ultimate parent of the Group.

(c) Key management personnel

Details relating to key management personnel are included in note 26

(d) Transactions with related parties

During the year the Company paid a security deposit/bond relating to a tenement to the value of $14,000 (2008:Nil) on behalf of Golden West Energy Pty Ltd.

In addition, the Company also paid various corporate expenses on behalf of Golden West Energy Pty Ltd and Iron West Resources Pty Ltd to the value of $915 (2008: $1,576).

The above transactions have been reflected as related party receivables and payables by the Parent and the subsidiaries respectively (note 11).

(e) Terms and conditions

Outstanding balances at year-end are interest free and have no fixed repayment terms.

Note 26: Key management personnel disclosures

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
(a) Compensation for key management personnel				
Compensation by category:				
Short-term	2,170,806	1,480,982	2,170,806	1,480,982
Post employment	531,470	232,383	531,470	232,383
Long-term	18,443	8,043	18,443	8,043
Share-based payments	1,482,450	3,472,500	1,482,450	3,472,500
	4,203,169	5,193,908	4,203,169	5,193,908

(b) Option holdings for key management personnel (consolidated)

Options for shares in Golden West Resources Limited (number)

Listed options	Balance 01/07/08	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/09	Vested & exercisable	Unvested
Non executive directors							
M Bennett	-	-	-	-	-	-	-
J Doutch	2,159,700	-	-	-	2,159,700	2,159,700	-
W Jun	-	-	-	-	-	-	-
J Lester	-	-	-	-	-	-	-
A Rudd	1,000,000	-	-	(1,000,000)	-	-	-
D Sanders	-	-	-	-	-	-	-
Executive directors							
J Lester	-	500,000	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	-	500,000	500,000	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
D Rose	-	1,000,000	-	(1,000,000)	-	1,000,000	-
Total	**5,159,700**	**1,500,000**	**-**	**(2,000,000)**	**4,659,700**	**5,659,700**	**-**

Listed options	Balance 01/07/07	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/09	Vested & exercisable	Unvested
Non executive directors							
J Daniels	-	-	-	-	-	-	-
P Gallagher	-	-	-	-	-	-	-
C Markopoulos	-	500,000	-	-	500,000	500,000	-
J Lester	-	-	-	-	-	-	-
A Rudd	1,000,000	-	-	-	1,000,000	1,000,000	-
D Sanders	-	-	-	-	-	-	-
Executive directors							
G Hutchinson	1,031,250	-	(1,156,250)	125,000	-	-	-
P Thompson	-	1,000,000	-	(1,000,000)	-	-	-
M Wilson	2,326,786	-	(150,568)	(676,218)	1,500,000	1,500,000	-
Other executives							
P Leidich	-	-	-	-	-	-	-
Total	**4,358,036**	**1,500,000**	**(1,306,818)**	**(1,551,218)**	**3,000,000**	**3,000,000**	**-**

1 Includes options held by key management personnel at date of resignation

Note 26: Key management personnel disclosures continued

Unlisted options	Balance 01/07/08	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/09	Vested & exercisable	Unvested
Non executive directors							
M Bennett	-	-	-	-	-	-	-
J Doutch	1,500,000	-	-	-	1,500,000	1,500,000	-
W Jun	-		-	-	-		
J Lester	-	-	-	-	-	-	-
A Rudd	1,000,000			(1,000,000)	-	-	
D Sanders	-	-	-	-	-	-	-
Executive directors							
J Lester	-	500,000	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	-	500,000	500,000	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
D Rose	-	1,000,000	-	(1,000,000)	-	-	-
Total	**4,500,000**	**1,500,000**	**-**	**(2,000,000)**	**4,000,000**	**4,000,000**	**-**

Unlisted options	Balance 01/07/07	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/08	Vested & exercisable	Unvested
Non executive directors							
J Daniels	2,750,000	-	(500,000)	(2,250,000)	-	-	-
P Gallagher	-	-	-	-	-	-	-
C Markopoulos	-	500,000	-	-	500,000	500,000	-
J H Lester	-	-	-	-	-	-	-
A P Rudd	1,600,000	-	(600,000)	-	1,000,000	1,000,000	-
D Sanders	-	-	-	-	-	-	-
Executive directors							
C Markopoulos	-	-	-	-	-	-	-
G Hutchinson	3,600,000	-	(600,000)	(3,000,000)	-	-	-
P W Thompson	-	1,000,000	-	(1,000,000)	-	-	-
M R Wilson	2,100,000	-	(600,000)	-	1,500,000	1,500,000	-
Other executives							
P Leidich	-	-	-	-	-	-	-
Total	**10,050,000**	**1,500,000**	**(2,300,000)**	**(6,250,000)**	**3,000,000**	**3,000,000**	**-**

1 Includes options held by key management personnel at date of resignation

Note 26: Key management personnel disclosures continued

(c) Shareholdings of key management personnel (consolidated)

Shares held in Golden West Resources Limited (number)

	Balance 01/07/08	Granted as remuneration	On exercise of options	Net change other [1]	Balance 30/06/09
Non executive directors					
M Bennett	-	-	-	-	-
J Doutch	942,749	-	-	(135,000)	807,749
W Jun	-	-	-	-	-
J Lester	-	-	-	-	-
A Rudd [2]	600,000	-		(600,000)	-
D Sanders	-	-	-	-	-
Executive directors					
J Lester	-	-	-	-	-
C Markopoulos	3,578			(3,578)	-
M Wilson	2,031,438			224,000	2,255,438
Other executives					
A Begovich	-	-	-	-	-
P Leidich	-	-	-	-	-
D Rose	-	-	-	-	-
Total	**3,577,765**	**-**	**-**	**(514,578)**	**3,063,187**

	Balance 01/07/07	Granted as remuneration	On exercise of options	Net change other [1]	Balance 30/06/08
Non executive directors					
J L Daniels	-	-	500,000	(500,000)	-
P W Gallagher	16,000	-	-	(16,000)	-
C Markopoulos	-	-	-	-	-
J H Lester	-	-	-	-	-
A P Rudd	-	-	600,000	-	600,000
D Sanders	-	-	-	-	-
Executive directors					
C Markopoulos	3,300	-	-	278	3,578
G W Hutchinson	2,062,500	-	1,756,250	(3,818,750)	-
P W Thompson	-	-	-	-	-
M R Wilson	1,653,573	-	750,568	(372,703)	2,031,438
Other executives					
P Leidich	-	-	-	-	-
Total	**3,735,373**	**-**	**3,606,818**	**(4,707,175)**	**2,635,016**

1 Includes shares held by key management personnel at date of resignation

2 The net change other balance includes 350,000 shares that were acquired on market during the year. As a result the number of shares at balance date was 950,000.

(d) Other transactions and balances with key management personnel and their related parties

Purchases

During the year, the Group paid Denarda Holdings Pty Ltd, a company that Mr John Doutch is both a director and 50% shareholder, $2,980,532 (2008: $2,574,061) in relation to drilling services in accordance with a contract that was the subject of a competitive tender.

The Group paid the family of Mr John Doutch $4,180,000 (2008: $920,000) as partial settlement for the acquisition of tenements located at Joyners Find.

Note 26: Key management personnel disclosures continued

Share based payments

The Company issued shares to the value of $7,500,000 to the family of Mr John Doutch as partial settlement for the acquisition of tenements located at Joyners Find in accordance with a shareholder resolution.

The Company also issued fully paid shares to the value of $1,450,000 to Lingchip Pty Ltd, inaccordance with a shareholder resolution. In relation to this transaction, Mr John Doutch who is a director of Lingchip Pty Ltd, and Mr Michael Wilson were each granted shares to the value of $145,000.

Loans

During the year the Group advanced funds to Denarda Holdings Pty Ltd, a company that Mr John Doutch is both a director and 50% shareholder, $380,000 (2008: Nil). The loan is interest rate of 8% per annum and has no fixed repayment terms.

Details regarding the loan balance are as follows:

	Consolidated		Parent	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Balance at beginning of the year				
Loans advanced	380,000	-	380,000	-
Loan repayments received	(225,000)	-	(225,000)	-
Interest charged	23,653	-	23,653	-
Interest received	-	-	-	-
Balance at end of year	178,653	-	178,653	-

Note 27: Share based payments

Recognised share based payment expenses

	2009 $	2008 $	2009 $	2008 $
Equity-settled share based payment transactions:				
Options [1]	1,486,650	3,791,550	1,486,650	3,791,550
Shares [2]	20,710,000	-	20,710,000	-
	22,196,650	3,791,550	22,196,650	3,791,550

1 The Company issued options to directors, employees and other parties during the year which have been expensed in the profit and loss account (note 7a and 7c).

2 Shares were issued to various parties during the year in consideration for transactions entered into by the Company which have been capitalised in the balance sheet (notes 14 and 15).

Equity–settled share based payment transactions

Options

(a) Types of share-based payment plans

The Company has no formal share-based payment plan for directors, employees and other parties. The exercise price of options granted must be equal to or greater than the market price of the share on the date the option is granted.

Note 27: Share based payments continued

(b) Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2009 No.	2008 WAEP	2009 No.	2008 WAEP
Outstanding at beginning of year	18,575,000	$2.1238	18,775,000	$2.0366
Granted during the year	5,000,000	$2.3000	3,550,000	$2.4929
Forfeited during the year	-	-	-	-
Exercised during the year[1]	-	-	3,750,000	$2.0366
Outstanding at end of year	23,575,000	$2.1612	18,575,000	$2.1238
Exercisable at end of year	23,575,000	$2.1612	18,575,000	$2.1238

1 No options were exercised during the year. The weighted average share price at the date of exercise for share options exercised in the 2008 financial year was $2.1238.

The outstanding balances as at 30 June 2009 are represented by:

Grant date	Exercise date	Expiry date	Exercise price	Number
21 March 2007	21 March 2007	31 December 2010	$2.00	7,000,000
21 March 2007	21 March 2007	31 December 2011	$3.00	7,000,000
4 April 2007	4 April 2007	31 December 2010	$2.00	1,025,000
19 September 2007	19 September 2007	31 December 2010	$2.00	1,550,000
19 September 2007	19 September 2007	31 December 2011	$3.00	1,500,000
17 March 2008	17 March 2008	31 December 2010	$2.00	250,000
17 March 2008	17 March 2008	31 December 2011	$3.00	250,000
26 September 2008	26 September 2008	31 December 2010	$2.00	500,000
26 September 2008	26 September 2008	31 December 2011	$3.00	500,000
29 October 2008	29 October 2008	31 December 2010	$2.00	1,000,000
29 October 2008	29 October 2008	31 December 2011	$3.00	1,000,000
28 November 2008	28 November 2008	31 December 2010	$2.00	2,000,000
Total				**23,575,000**

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2009 is 1.93 years (2008: 2.97 years)

(d) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $2.00 to $3.00 (2008: $2.00 to $3.00).

(e) Weighted average fair value

The weighted average fair value of options granted during the year was $0.2973 (2008: $1.0680).

Note 27: Share based payments continued

(f) Option pricing model

The fair value of the equity-settled share options granted during the year is estimated at the date of the grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2009 and 30 June 2008.

	2009	2008
Expected volatility (%)	55	70
Risk-free interest rate (%)	4.87	6.22
Expected life of option (years)	1.97	2.97
Option exercise price ($)	2.30	2.49
Weighted average share price at grant date ($)	0.57	2.06

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Shares

The Company entered into the following cash-settled share-based transactions during the year:

On 5 September 2008 the Company issued 5,000,000 fully paid ordinary shares at $1.50 per share to Mr John Doutch or his nominees as partial consideration for tenements located at Joyners Find;

On 2 October 2008 the Company issued 6,720,000 fully paid shares at $1.75 per share to Yilgarn Infrastructure Limited ('Yilgarn'), in accordance with a Share subscription agreement between both parties which also resulted in the Company receiving a 19.9% shareholding in Yilgarn;

On 4 December 2008 the Company issued 5,000,000 fully paid ordinary shares at $0.29 per share to Lingchip Pty Ltd, in final satisfaction of its obligations in regards to the acquisition of the Wiluna West tenements.

Note 28: Remuneration of auditors

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Amount paid or due and payable to Stantons International for:				
Audit services	46,879	42,500	46,879	42,500
Special audit of proxies	26,271	14,450	26,271	14,450
	73,150	56,950	73,150	56,950

The Auditors did not receive any other benefit during the year.

Note 29: Commitments for expenditure

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Tenement expenditure commitments				

In order to maintain current rights of tenure to mining tenements, the Consolidated and Parent have minimum tenement expenditure requirements and lease rentals. Assuming the Consolidated and Parent wish to maintain the rights to tenure for these tenements in accordance with the terms of the agreements as at balance date the obligations, which are not provided for in the accounts, are as follows:

Less than one year	610,476	542,086	578,261	542,086
Between one and five years	1,956,956	1,627,039	1,956,956	1,627,039
More than five years	4,448,553	4,832,318	4,448,553	4,832,318
	7,015,985	7,001,443	6,983,770	7,001,443
Office rental commitments				
Less than one year	212,712	96,186	212,712	96,186
Between one and five years	850,848	266,980	850,848	266,980
More than five years	-	-	-	-
	1,063,560	363,166	1,063,560	363,166
Key management personnel contract commitments				
Less than one year	1,067,000	-	1,067,000	-
Between one and five years	1,121,009	-	1,121,009	-
More than five years	-	-	-	-
	2,188,009	-	2,188,009	-

Note 30: Contingencies

The Group is not aware of any significant contingencies as at the end of the financial year.

Note 31: Events after balance sheet date

Subsequent to the end of the financial year, the following events have occurred:

Demerger of non-iron assets

The Company announced on 24 July 2009 that as a result of the review conducted by its corporate advisors the Board has resolved to seek shareholder approval for the demerger of the Company's non-iron assets by way of a pro-rata in specie distribution of shares in a new company which will own the non-iron assets currently owned by the Company.

As part of the process the new company would issue a Prospectus and apply for ASX listing. In addition to receiving shares in the new company pursuant to the in specie distribution, it is proposed that existing shareholders in the Company will receive a priority entitlement to subscribe for additional shares pursuant to the Prospectus.

Board and management changes

In addition the Company also announced on 24 July 2009 the following changes to its Board and management:

- Mr M Wilson was appointed interim Chairman replacing Mr Markopoulos who relinquished his directorship for personal reasons but remains with the Company on a consulting basis;
- Mr Lester was appointed interim Managing director;
- Mr Rudd retired; and
- Mr Doutch and Mr Webber were appointed Non executive directors.

Directors' declaration

The Directors declare that the financial statements and notes set out on pages 20 to 60 and the disclosures in the Remuneration Report which are included in the Director's Report:

1. (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date.

2. The Managing Director and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*:

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion:

3. (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated this 29th day of September, 2009.

JOHN LESTER
Managing Director

Stantons International

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDEN WEST RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Golden West Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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 judgement, 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Golden West Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 29 of the directors' report for the year ended 30 June 2009. 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

Auditor's opinion
In our opinion the remuneration report of Golden West Resources Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

J P Van Dieren
Director

West Perth, Western Australia
29 September 2009

Shareholder Information

1. Quoted securities

(a) Ordinary fully paid shares

(i) Distribution of shareholders as at 24 September 2009:

Spread of holdings	Holders	Shares	Percentage of issued capital %
1 - 1,000	393	244,819	0.17
1,001 - 5,000	909	2,570,038	1.80
5,001 - 10,000	388	3,021,949	2.11
10,001 - 100,000	631	18,343,105	12.82
100,001+	125	118,955,852	83.11
		143,135,763	**100.00**

The number of shareholdings held in less than marketable parcels is 501.

(ii) Top 20 holders of ordinary fully paid shares:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	Name	No. of ordinary fully paid shares held	Percentage of issued shares held %
1.	Fairstar Resources Limited	24,297,958	16.97
2.	Portman Iron Ore Limited	24,276,852	16.96
3.	Hunan Valin Steel Co Ltd	14,400,000	10.06
4.	Yilgarn Infrastructure Limited	7,008,288	4.90
5.	IFTC Broking Services Ltd	3,820,000	2.67
6.	Shashua Pty Ltd (Hutchinson Super Fund)	1,885,000	1.32
7.	Yijian Investment Co Ltd	1,600,000	1.12
8.	Dolphin Technology Pty Ltd	1,536,488	1.07
9.	HSBC Custody Nominees (Australia) Limited	1,386,323	0.97
10.	Surfboard Pty Ltd	1,359,182	0.95
11.	Dr Neville Joseph	1,205,504	0.84
12.	Michael Reginald Wilson	1,135,438	0.79
13.	Malcolm James Doutch	987,215	0.69
14.	Mr Morris John Starcevich & Mrs Glenice Starcevich	978,750	0.68
15.	Zero Nominees Pty Ltd	976,576	0.68
16.	Mr Alan Paul Rudd	815,000	0.57
17.	Mr John Wallace Doutch	772,034	0.54
18.	John Leonard Daniels	750,000	0.52
19.	Shashua Pty Ltd (G & K Hutchison Family A/C)	725,750	0.51
20.	Joan Evelyn King & Margen Pty Ltd	682,001	0.48
		90,598,359	**63.29**

(iii) Voting rights

Articles 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

(a) for every fully paid share held by him one vote

(b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) Substantial shareholders

The following substantial shareholders are recorded with the most recent notifications lodged;

Name	Ordinary shares no.	%
Fairstar Resources Limited	24,631,291	17.21
Portman Iron Ore Limited	24,276,852	16.96
Hunan Valin Steel Co Ltd	14,400,000	10.06

(v) On-market buy back

There is no current on-market buy back.

(b) 18,013,879 options exercisable at $2.00 on or before 31 December 2010

(i) Distribution of option holders as at 24 September 2009:

Spread of holdings	No. of holders	No. of options	Percentage of issued options %
1 - 1,000	1	20	0.00
1,001 - 5,000	6	16,363	0.09
5,001 - 10,000	11	88,558	0.49
10,001 - 100,000	70	2,616,668	14.53
100,001+	25	15,292,270	84.89
		18,013,879	**100.00**

(ii) Top 20 holders of options exercisable at $2.00 on or before 31 December 2010:

The names of the twenty largest holders of options exercisable at $2.00 on or before 31 December 2010 are listed below:

	Name	No. of options held	Percentage of issued options %
1.	Yijian Investment Co Ltd	2,000,000	11.10
2.	John Wallace Doutch	1,700,000	9.44
3.	Michael Reginald Wilson	1,500,000	8.33
4.	Shashua Pty Ltd	1,400,000	7.77
5.	John Leonard Daniels	1,000,000	5.55
6.	Alan Paul Rudd	1,000,000	5.55
7.	Gary William Doutch	909,102	5.05
8.	Hedges Family Holdings Pty Ltd	650,000	3.61
9.	ANZ Nominees Ltd	500,000	2.78
10.	John Lester Management Pty Ltd	500,000	2.78
11.	Dolphin Technology Pty Ltd	500,000	2.78
12.	Aspasia Markopoulos	500,000	2.78
13.	Noel David McEvoy & Shelley Dawn McEvoy	444,444	2.47
14.	Kanyila Investments Pty Ltd	410,000	2.28
14.	Steven Peter Gaensler	400,000	2.22
15.	Heather Margaret Pitt & Stephen Wayne Pitt	346,200	1.92
17.	Marlene Kelly	275,000	1.53
18.	Regalquest Investments Pty Ltd	250,000	1.39
19.	Superfine Nominees Pty Ltd	250,000	1.39
20.	Thornbush Corporation Ltd	150,000	0.83
20.	Katharine Hutchison	150,000	0.83
		14,834,746	**82.35**

(iii) Voting rights

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding only.

2. Unquoted securities

As at 11 September 2009 there existed the following unquoted options:

(a) 10,250,000 options exercisable at $3.00 each on or before 31 December 2011

(i) Distribution of option holders as at 24 September 2009:

Spread of holdings	No. of holders	No. of options	Percentage of issued options %
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001+	14	10,250,000	100.00
		10,250,000	**100.00**

(ii) Top 20 holders of options exercisable at $3.00 on or before 31 December 2011:

The names of the twenty largest holders of options exercisable at $3.00 on or before 31 December 2011 are listed below:

	Options	%
John Wallace Doutch	1,500,000	14.63
Shashua Pty Ltd <Hutchinson Super Fund A/C>	1,500,000	14.63
Michael Reginald Wilson	1,500,000	14.63
John Leonard Daniels	1,000,000	9.76
Alan Paul Rudd	1,000,000	9.76
David Malcolm Rose & Meredie Ann Rose	1,000,000	9.76
Aspasia Markopoulos	500,000	4.88
Dolphin Technology Pty Ltd <The Dolphin A/c>	500,000	4.88
John Lester Management Pty Ltd	500,000	4.88
Jewell Cove Pty Ltd	300,000	2.93
Marlene Kelly	250,000	2.44
Superfine Nominees Pty Ltd	250,000	2.44
Regalquest Investments Pty Ltd	250,000	2.44
Roseline Holdings Pty Ltd	200,000	1.95
	10,250,000	**100**

(iii) Voting rights

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

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