



31 January 2012

About Golden West Resources

Golden West Resources is an emerging iron ore producer in the Midwest region of Western Australia.

To date, the Company has a total JORC Hematite Reserve of 69.2Mt, comprising of Proven 2.9Mt @ 59.7% Fe and Probable 66.4Mt @ 60.3% Fe and a Resource of 130.3Mt, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.8% Fe, making it the second largest DSO resource in the Midwest Iron Ore province.

Golden West Resources also has a JORC gold Resource comprising of Indicated 46,000t @ 3.54 g/t Au and Inferred 3,432,000t @ 2.29g/t Au for a total 3,478,000t @ 2.31g/t Au for 258,200oz Au.

Corporate summary

ASX code: GWR

Issued Capital: 192.14 Million

Issued Options: 22.2 Million

Board and Management

Mick Wilson

Executive director

Tien Seng Law

Non-executive director

Gary Lyons

Non-executive director

Kong (Jimmy) Lee

Non-executive director

CA Lau

Non-executive director

Sophie Raven

Company secretary

Craig Ferrier

Executive General Manager

Enquiries

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QUARTERLY REPORT – DECEMBER 2011

HIGHLIGHTS

Wiluna West Iron Project

Infrastructure

Following the end of the quarter the West Australian Government announced its decision to increase the Esperance port capacity by up to 20 million tonnes per annum in a staged plan. The directors of GWR applaud the Minister of Transport's decision committing to expand the port and intention to involve the private sector in the proposed development. GWR has undertaken substantial work in advancing the Wiluna West project with Stage 1 development focussed on the export of up to 3 million tonnes per annum of its high quality direct shipping iron ore (DSO) through Esperance.

Aboriginal Heritage

GWR submitted additional information supporting its SEC18 application. This has been scheduled for consideration by the ACMC committee at the DIA in early February. An instructions meeting was held on site with the native title claimants and CDNTS in November and this, combined with the ethnographic survey undertaken in the previous quarter, will underpin a heritage management plan for the entire project area due to be finalised early in 2012.

Bands 5 & 6

A total of 33 RC holes for an aggregate of 2,159m were completed testing Bands 5 & 6 which are located 200m to the west of Unit B. Results confirm significant hematite mineralisation over a strike length of 6.4km.

Wiluna West Gold Project

29 RC holes for an aggregate of 1,288m were drilled at the Bottom Camp, Golden Monarch and Iron King prospects. Table 2 summarises significant intercepts achieved by this drilling. The Company is seeking to commence gold production by custom milling ore at a nearby processing facility and negotiations are well under way.

Earaheedy Iron Manganese Project

An additional 21.7km² exploration licence E68/3037 was applied for on the 3rd of November 2011. This tenement is located in the south west portion of the Earahedy Basin and contains 7km of strike over the prospective Frere Formation. Cazaly / Vector hold the ground to the east and west. GWR has now applied for exploration licences occupying a total area of 1,382 km².

Corporate

GWR appointed Craig Ferrier as Executive General Manager commencing in early December 2011. Mr Ferrier brings to GWR significant management experience in iron ore infrastructure development, mining operations and project and corporate finance. In addition, Ms Sophie Raven was appointed Company Secretary in November 2011.

The Company had cash on hand as at 31 December 2011 of \$27.8 million.

Wiluna West Hematite Project

Infrastructure

During the quarter GWR progressed discussions related to transport and infrastructure access.

On 19 January 2012 the Minister for Transport, Mr Troy Buswell, announced that the State Government of Western Australia had committed to increase export capacity at Esperance Port by up to 20 million tonnes per annum (mtpa) in a staged development.

The Government plans to embark on a market sounding exercise to identify private sector interest in expanding the port's capacity for iron ore exports. In the media release Mr Buswell said significant work had been undertaken to explore options to expand port capacity at both Esperance and Kwinana. The Minister said the decision to expand capacity from 11mtpa to about 20mtpa in the first instance at Esperance Port instead of Kwinana was influenced by a recently completed study into the Yilgarn province's burgeoning iron ore industry and the fact that \$120million was being spent to upgrade the port's road and rail access.

GWR has undertaken substantial work in advancing the Wiluna West project with Stage 1 development focussed on the export of up to 3 million tonnes per annum of its high quality DSO through Esperance. The decision by the State Government will allow for an acceleration of work and current discussions with third parties in relation to rail and port infrastructure access and related transport and mine development activities.

A full copy of the Ministers media release is available at www.mediastatements.wa.gov.au.

Aboriginal Heritage

GWR submitted additional information with the assistance of CDNTS and the traditional owners supporting its SEC18 application. This has been scheduled for consideration by the ACMC committee meeting on the 8th of February at the DIA.

An instructions meeting was held on site with the native title claimants and CDNTS in November and this combined with the ethnographic survey undertaken in the previous quarter will underpin a heritage management plan for the entire project area due to be finalised early in 2012.

Bands 5 & 6 RC Drilling

A total of 33 RC holes for an aggregate of 2159m were completed testing Bands 5 & 6 which are located 200m to the west of Unit B. Results confirm significant hematite mineralisation over a strike length of 6.4km and significant intercepts are summarised in Table 1.

Table 1
Significant RC Drilling Results
Bands 5 & 6

| Hole # | Northing | Easting | From (m) | Intercept (m) | Fe% | SiO ₂ % | Al ₂ O ₃ % | P% | LOI% |
|-----------|----------|---------|----------|---------------|------|--------------------|----------------------------------|------|------|
| WWRC2819 | 7039400 | 794230 | 70 | 14 | 57.1 | 6.6 | 1.8 | 0.14 | 8.9 |
| WWRC2820 | 7039200 | 794060 | 66 | 14 | 56.6 | 4.8 | 2.2 | 0.43 | 10.5 |
| WWRC2821 | 7039200 | 794100 | 18 | 4 | 53.3 | 4.6 | 6.8 | 0.07 | 11.8 |
| WWRC2822A | 7037400 | 794138 | 14 | 14 | 59.4 | 5.5 | 3.5 | 0.07 | 5.7 |
| WWRC2823 | 7037400 | 794100 | 66 | 9 | 61.4 | 4.4 | 1.5 | 0.10 | 5.9 |
| WWRC2825 | 7035400 | 793770 | 39 | 8 | 59.6 | 4.8 | 2.5 | 0.19 | 6.6 |
| WWRC2832 | 7034200 | 793625 | 19 | 8 | 65.8 | 2.8 | 1.2 | 0.02 | 1.5 |
| WWRC2834 | 7035800 | 793980 | 4 | 8 | 60.1 | 5.3 | 2.8 | 0.07 | 5.6 |
| WWRC2837 | 7035800 | 793825 | 28 | 11 | 56.0 | 7.2 | 5.3 | 0.13 | 6.5 |
| WWRC2838 | 7036050 | 793790 | 12 | 6 | 58.1 | 6.2 | 4.1 | 0.05 | 6.3 |
| WWRC2841 | 7037000 | 794130 | 12 | 18 | 57.3 | 5.8 | 4.1 | 0.05 | 7.5 |
| WWRC2842 | 7037000 | 794090 | 78 | 8 | 60.4 | 7.3 | 2.4 | 0.05 | 3.6 |
| WWRC2844 | 7039000 | 794050 | 77 | 8 | 54.9 | 7.0 | 4.9 | 0.12 | 8.9 |
| WWRC2827 | 7033000 | 793460 | 17 | 6 | 64.4 | 2.9 | 1.9 | 0.04 | 2.8 |
| WWRC2828 | 7033000 | 793420 | 69 | 3 | 61.4 | 5.9 | 2.8 | 0.09 | 2.7 |
| WWRC2830 | 7034000 | 793600 | 32 | 6 | 60.0 | 3.6 | 2.3 | 0.14 | 7.6 |
| WWRC2846 | 7033600 | 793660 | 14 | 6 | 58.7 | 3.3 | 2.5 | 0.03 | 9.5 |

Wiluna West Gold Project

In November 2011 GWR drilled a total of 29 RC holes for an aggregate of 1,288m at the Bottom Camp, Golden Monarch and Iron King prospects. The drilling was undertaken to test for near surface continuity of mineralisation, confirm the reliability of previous drilling results, obtain density data and collect metallurgical samples. Table 2 summarises the significant intercepts achieved by this drilling.

The Wiluna Gold Project contains a total Resource Estimate of 3.48Mt @ 2.3g/t Au for a contained 258,000 oz at a 1g/t cut off (Indicated Resource 46,000 tonnes @ 3.5g/t Au and Inferred Resource 3.43Mt @ 2.3g/t Au).

The Company intends to commence gold production by custom milling ore at a nearby processing facility and negotiations are well under way. Recent work highlighted the Golden Monarch, Iron King and Bottom Camp prospects as the most attractive start up pits.

The company now plans to incorporate the recent RC drilling results and undertake the following;

- Resource modelling
- Pit design & optimisation studies
- Metallurgical testwork

Table 2
Significant Drill Hole Intercepts

| HOLE# | PROSPECT | Type | NORTH | EAST | AZI | DIP | FROM (m) | TO (m) | INTERVAL (m) | AU (g/t) | | | |
|-----------|----------------|--------|---------|--------|-----|-----|-----------|-----------|--------------|-------------|-----------|----------|-------------|
| WGRC0001 | Iron King | Infill | 7032455 | 793390 | 90 | -60 | 5 | 6 | 1 | 1.05 | | | |
| WGRC0002A | Iron King | Twin | 7032455 | 793363 | 90 | -60 | 33 | 34 | 1 | 2.11 | | | |
| | | | | | | | 37 | 38 | 1 | 68.3 | | | |
| WGRC0003 | Iron King | Infill | 7032298 | 793381 | 90 | -60 | 27 | 30 | 3 | 1.59 | | | |
| WGRC0004 | Iron King | Infill | 7032220 | 793396 | 90 | -60 | 4 | 6 | 2 | 1.72 | | | |
| WGRC0005 | Iron King | Twin | 7032220 | 793391 | 90 | -60 | 12 | 13 | 1 | 1.11 | | | |
| WGRC0006 | Iron King | Twin | 7032143 | 793372 | 90 | -60 | 26 | 29 | 3 | 1.43 | | | |
| | | | | | | | 33 | 36 | 3 | 2.9 | | | |
| WGRC0007 | Iron King | Infill | 7032160 | 793388 | 90 | -60 | 27 | 28 | 1 | 2.7 | | | |
| WGRC0010 | Iron King | Infill | 7032100 | 793408 | 270 | -60 | 29 | 38 | 9 | 5.06 | | | |
| WGRC0012 | Bottom Camp | Infill | 7042392 | 795212 | 90 | -60 | 13 | 18 | 5 | 6.5 | | | |
| | | | | | | | INCLUDING | | | 17 | 18 | 1 | 26.3 |
| WGRC0015 | Golden Monarch | Infill | 7033564 | 793468 | 90 | -60 | 31 | 34 | 3 | 9.5 | | | |
| | | | | | | | INCLUDING | | | 32 | 33 | 1 | 22.6 |
| WGRC0016 | Golden Monarch | Infill | 7033543 | 793465 | 90 | -60 | 26 | 27 | 1 | 1.46 | | | |
| | | | | | | | 30 | 31 | 1 | 1.24 | | | |
| WGRC0020 | Golden Monarch | Infill | 7033402 | 793458 | 90 | -60 | 2 | 3 | 1 | 1.49 | | | |
| | | | | | | | 5 | 6 | 1 | 1.22 | | | |
| WGRC0022 | Iron King | Infill | 7032121 | 793412 | 270 | -60 | 25 | 26 | 1 | 2.71 | | | |
| | | | | | | | 33 | 34 | 1 | 4.85 | | | |
| | | | | | | | 40 | 49 | 9 | 3.85 | | | |
| WGRC0023 | Iron King | Infill | 7032123 | 793359 | 90 | -60 | 51 | 52 | 1 | 1.39 | | | |
| | | | | | | | 56 | 58 | 2 | 2.47 | | | |
| | | | | | | | 66 | 68 | 2 | 1.25 | | | |
| WGRC0024 | Golden Monarch | Pit | 7033591 | 793490 | 0 | -90 | 1 | 11 | 10 | 1.41 | | | |
| | | | | | | | 18 | 27 | 9 | 2.08 | | | |
| WGRC0025 | Golden Monarch | Pit | 7033577 | 793485 | 0 | -90 | 18 | 19 | 1 | 1.61 | | | |
| WGRC0026 | Golden Monarch | Pit | 7033532 | 793479 | 0 | -90 | 4 | 19 | 15 | 5.96 | | | |
| | | | | | | | INCLUDING | | | 9 | 10 | 1 | 49.4 |
| WGRC0027 | Golden Monarch | Pit | 7033542 | 793481 | 0 | -90 | 2 | 3 | 1 | 1.92 | | | |
| | | | | | | | 5 | 13 | 8 | 5.19 | | | |
| | | | | | | | INCLUDING | | | 11 | 12 | 1 | 18.4 |
| | | | | | | | 16 | 23 | 7 | 2.81 | | | |
| | | | | | | | 33 | 34 | 1 | 1.54 | | | |
| WGRC0028 | Golden Monarch | Pit | 7033552 | 793483 | 0 | -90 | 4 | 12 | 8 | 2.95 | | | |
| | | | | | | | 14 | 15 | 1 | 1.67 | | | |
| | | | | | | | 19 | 27 | 8 | 2.95 | | | |
| | | | | | | | 22 | 23 | 1 | 16 | | | |

Notes:

- 1) Intercepts based upon 1g/t cut off with maximum of 2m of internal dilution.
- 2) The metre intervals in the table are down hole lengths and are not true widths. This is especially so for the holes drilled with an azimuth of 270° or dip of 90°.

Earaheedy Iron & Manganese Project

An additional 21.7km² exploration licence E68/3037 was applied for on the 3rd of November 2011. This tenement is located in the south west portion of the Earaheedy Basin and contains 7km of strike over the prospective Frere Formation. Cazaly/Vector hold the ground to the east and west. GWR has now applied for exploration licences occupying a total area of 1,382km².

GWR has executed standard land access agreements with the Wiluna Native Title claimants for E69/3020, 3022, 3026 and 3037 and expects these to be signed off on a Native Title meeting in March 2012.

Project Generation

As previously announced the Company is now actively seeking other iron ore and bulk commodity opportunities within the Midwest and Yilgarn regions, is currently concluding negotiations in relation to a farm-in proposal and is reviewing a number of other opportunities.

Corporate

GWR appointed Craig Ferrier as Executive General Manager commencing in early December 2011. Mr Ferrier brings to GWR significant management experience in iron ore infrastructure development, mining operations and project and corporate finance. In addition, Ms Sophie Raven was appointed Company Secretary in November 2011.

The Company had cash on hand as at 31 December 2011 of \$27.8 million.



Figure 1: Project Location

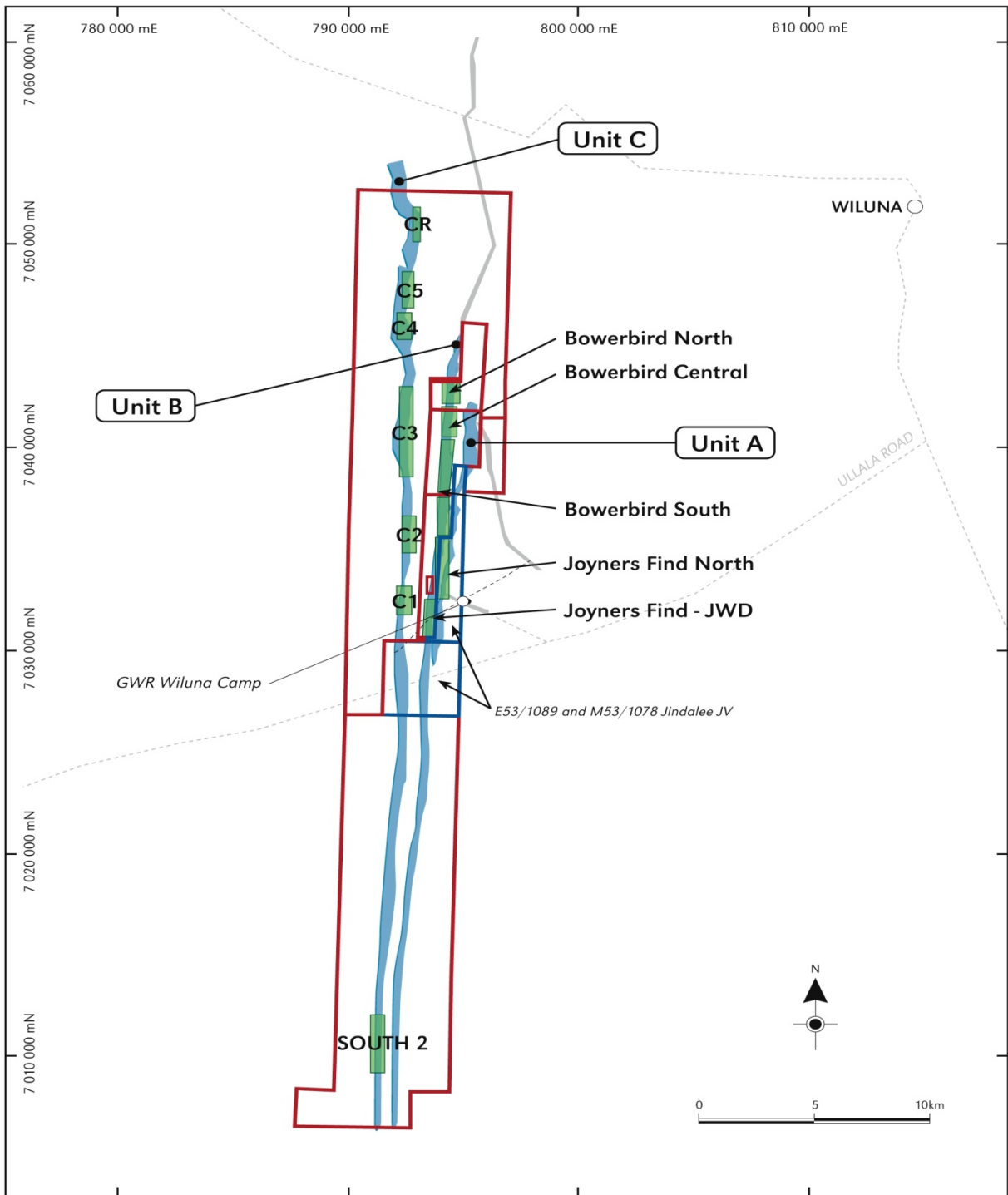


Figure 2: Wiluna West Iron Project

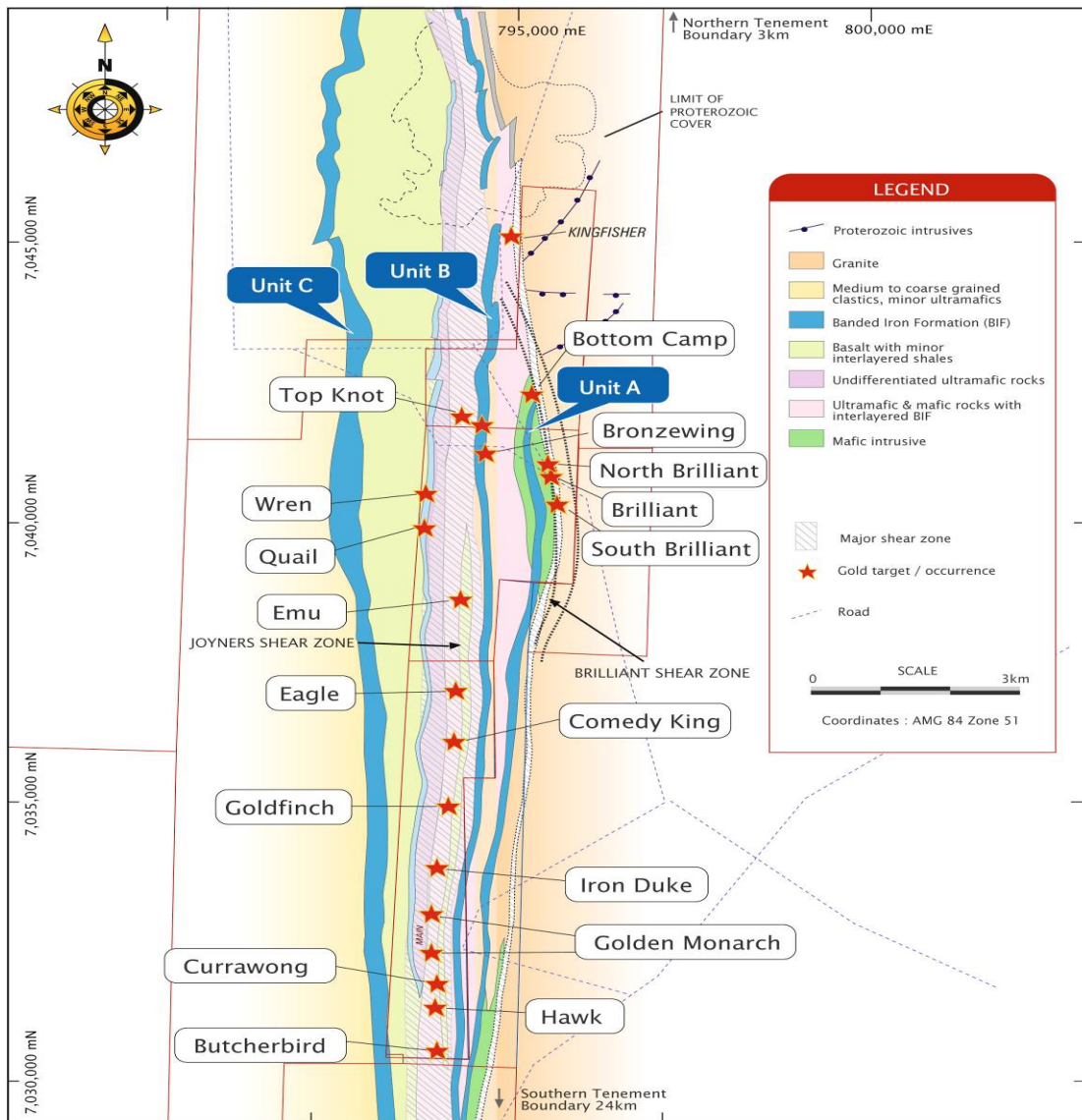


Figure 3 Wiluna West Gold

Competent Person's Statement

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is a consultant of Al Maynard & Associates Pty Ltd and has 40 years of experience in exploration and mining in a variety of mineral deposit styles. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Golden West Resources Limited

ABN

54 102 622 051

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

| | | Current quarter (3 month's) \$A'000 | Year to date (6 month's) \$A'000 |
|---|--|---|--|
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (1,292) | (3,048) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (872) | (1,821) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 395 | 1,132 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| Net Operating Cash Flows | | (1,769) | (3,737) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for: | | |
| | (a) prospects | - | - |
| | (b) equity investments | (39) | (39) |
| | (c) other fixed assets | - | (3) |
| 1.9 | Proceeds from: | | |
| | (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | 34 | 34 |
| 1.10 | Loans to other entities | - | (113) |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (Environmental bonds & security deposits) | 38 | 43 |
| Net investing cash flows | | 33 | (78) |
| 1.13 | Total operating and investing cash flows (carried forward) | (1,736) | (3,815) |

| | | | |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,736) | (3,815) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (capital raising costs) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (1,736) | (3,815) |
| 1.20 | Cash at beginning of quarter/year to date | 29,544 | 31,623 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 27,808 | 27,808 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 339 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |
| 1.25 | Explanation necessary for an understanding of the transactions | |
| | Payment of fees, salaries and superannuation to the directors of the Company during the quarter. | |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 1,177 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 716 |
| Total | 1,893 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Curent quarter \$A'000 | Previous quarter \$A'000 |
|---|--|---------------------------|-----------------------------|
| 5.1 | Cash on hand and at bank | 1,155 | 2,046 |
| 5.2 | Deposits at call | 26,653 | 27,498 |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| | Total: cash at end of quarter (item 1.22) | 27,808 | 29,544 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 | - | - | - | - |
| 6.2 | E69/3037 | Application | - | 100% |

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference ⁺securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 ⁺Ordinary securities | 192,082,567 | 192,082,567 | | |
| 7.4 Changes during quarter (a) Increases through issues: (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 ⁺Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 21,500,000 | | Exercise price \$0.58 | Expiry date 22 Nov 2015 |
| 7.8 Issued during quarter Unlisted options to Directors | 21,500,000 | | \$0.58 | 22 Nov 2015 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | 10,250,000 | | \$3.00 | 31 Dec 2011 |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 January 2012

Print name:

Craig Ferrier
Executive General Manager

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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